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MANAGEMENT

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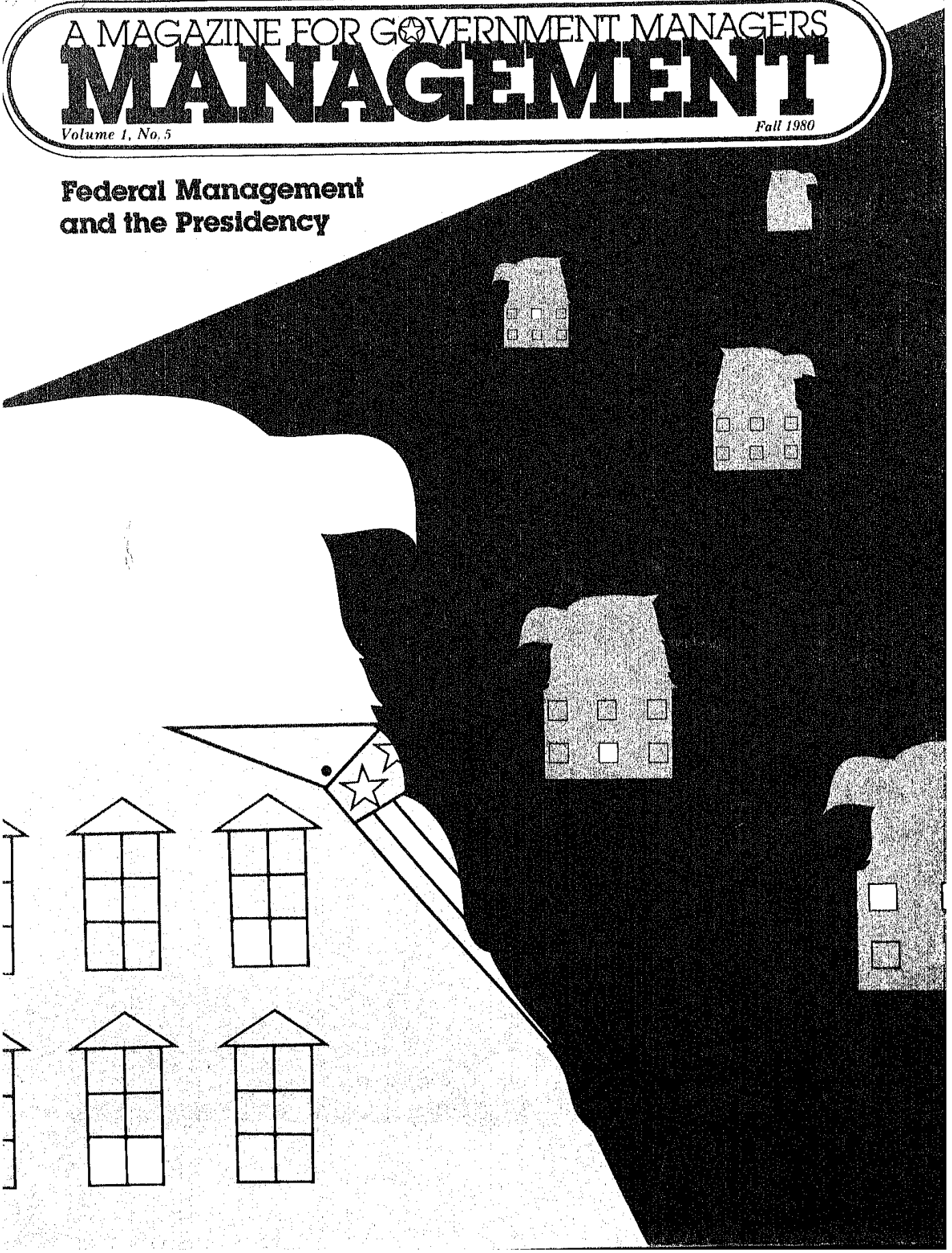
Federal Management and the Presidency



Foreword

An Incentive to Excel

Recently, I was pleased to participate in a White House ceremony honoring 49 outstanding members of the career Senior Executive Service. These men and women, who have given the best of themselves in service to their country, received the first substantial financial awards authorized by the Civil Service Reform Act.

The Distinguished Executives honored represent .6 of 1 percent of SES members, of whom a maximum of 1 percent, by law, may receive this distinction in any one year. In addition, 206 SES members were selected to receive Presidential Meritorious Rank Awards. This number represents 3.06 percent of SES membership, of whom a maximum of 5 percent may receive this award. Distinguished Executives received $20,000 and Meritorious Executives $10,000 in cash bonuses.

Those honored were selected by their peers and by the heads of their Departments and agencies. Their selection was reviewed and confirmed by an independent panel of individuals from business, education, and science.

These bonuses provide a richly deserved reward but as noted by the President during the ceremony, more than the additional income, they set the precedent that outstanding public service will be rewarded. This will encourage employees at all levels to improve their productivity and to strive for the exceptional accomplishments that will help us achieve civil service reform's goal: improved service to the public.

Too often, the consistently high quality achievements of Federal workers are ignored. Through bestowal of awards such as these, it is my hope that we can call more public attention to the achievements of our government and the people who make it work.

As President Carter remarked, "In honoring you, I hope to encourage others, all public servants, to higher levels of accomplishments. And I also want to make your excellence known to your employers, the people of America. Too often we single out Federal managers only when there has been a problem. We focus attention only on the shortcomings of the Federal bureaucracy and our public servants. This is no way to run a government, or any enterprise. Federal managers exert an enormous influence on us all. Your responsibilities are often staggering in their scope and complexity and difficulty. Some of you are the most important executives in America. Where we find excellence, we need to acknowledge and reward that excellence publicly."

The President's commitment sets the direction for all of us. Members of the SES have a professional obligation to provide the leadership.

Alan K. Campbell

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YES UNLESS...

On Wednesday, November 5, 1980, your newly-elected/re-elected President will be opening a mountain of congratulatory telegrams. Government offices across the country will be churning with rumors of who will be "in" and who will be "out." Columnists will be pontificating on what the White House will be like in the next few months—the directions of foreign policy, new domestic initiatives . . .

*As career executives, however, you can look beyond a few days or months. You can ask yourself: What kinds of management issues will the President—*any *President—face in January of 1981 and throughout the '80's?*

ON FEDERAL MANAGEMENT AND THE PRESIDENCY

By Bradley H. Patterson, Jr.

On January 20, the President will walk into the White House from his inaugural parade, having just sworn to uphold the Constitution of the United States, ARTICLE II of which says that "the Executive Power shall be vested in *a* President . . ." But through the windows of the Oval Office he will look out upon an Executive Branch of 4 million civilian and military employees.

Bradley H. Patterson, Jr., a former White House staff member and Federal manager for 32 years, is a Senior Staff Member of the Brookings Institution in Washington.

There is his first management problem: Can a single executive give direction and leadership to 4 million people, divided into 13 departments and 62 agencies?

He will look down at his desk and see an agenda on which he and his enthusiastic associates are eager to take action: inflation, unemployment, energy, national security, regulatory reform, civil rights, immigration, and so on. But the scope of those issues bears *no* relationship to the boundary lines among 75 sets of departments and agencies. None of those problems can be tucked under the authority of a single Cabinet officer; all involve the jurisdiction and expertise of multiples of very large institutions.

And there is his second management problem: How can he collect the information and advice he needs to tackle broad based questions where no one department is responsible? How can he integrate that advice into options and choices that are fully laid out for consideration?

Finally he will realize that 75 is an over-simplified number, that the 4 million employees are subdivided *ad infinitum* into bureaus and offices where advocacy is the rule and where loyalties, more often than not, run not to him but to client and constituency groups with a "my-cause-is-everything" view of the public interest.

His third management problem thus arises: Where can he get objective information and advice?

Actually all these management issues are aspects of one principal Presidential problem: ***How can a single executive create and maintain an efficient policy formulation system in an environment where pluralism is all-pervasive?***

"Cabinet Government" is not the answer (unless a President has Eisenhower's personal interest and organizing ability to insist that the Cabinet, meeting as a group, take up all major domestic issues on the basis of privileged papers circulated in advance). Otherwise, *inter*departmental mechanisms must be found to pull together facts and options on crosscutting issues.

Reorganization is not the answer: While it can tinker at the edges, no reorganization will ever combine State and Defense, Justice and Interior, Small Business Administration and Commerce. The great chasms among the big departments will stay, as will the little gulfs among advocacy-minded offices.

Cabinet Committees are not the answer, nor is the "lead agency" theory: Cabinet members do not defer to one another, especially when major policy disagreements are present. The result is that the covering paper going to the President from a cabinet committee is usually the product of a White House officer's review, and many cabinet committees are finally chaired by White House staff.

What is the answer? Have we arrived at the point where only the Executive Office and the White House have the perspective, the objectivity and "reach" to do the principal staff work on important policy questions for the President?

Yes—unless . . .

1. Unless Federal executives broaden their perspectives beyond their departmental boundaries, they will take second place to Executive Office or White House problem-solvers. Sometimes they do: In the 60's, State, Defense and Treasury undertook to nudge the Japanese Government to offset the large balance of payments drain from American forces in Japan by expanding Japanese purchases of defensive U.S. military equipment. They faced a complicated mix of Japanese history and politics, U.S. defense policy, balance of payments problems, weapons characteristics and negotiation within diplomatic limits. A State-Defense-Treasury team was formed; its members, while having different perspectives, could all talk in terms of each other's

senior negotiator. Coordination was close, information was fully shared, and there was a common recognition of the delicacy of the issues.

Sometimes they don't: In 1972 the White House became aware of an acerbic exchange of correspondence among the Civil Service Commission, the Department of Justice and the Equal Employment Opportunity Commission about affirmative action policy. EEOC was advocating minority hiring as a foremost objective; CSC was aghast at what it saw as violation of merit principles; and Justice was in the middle, trying to settle court cases with conflicting advice from both sides. The Department of Labor's Office of Federal Contract Compliance was also involved. The exchanges were so hostile that the White House had to intervene and

spend nearly two years drafting and implementing a Four-Agency Agreement. Texts were exchanged, even single words were bargained over, but the White House controlled the negotiations from start to finish.

There is nothing wrong with policy conflict, with different views expressed vigorously. But in government the debate must finally stop, all the choices be honestly stated, and a decision made. If parochialism or personalities become too heated or too narrow, the White House or Executive Office has no choice but to step in and participate directly in the resolution of an issue.

Is it written in stone that agency executives must be parochial? Is it difficult for them to acquire a broad perspective of public policy issues? No. OPM's Executive Seminar Centers, DOD's National Defense University, State's Foreign Service Institute, OPM's Federal Executive Institute, the Brookings Institution's conferences and seminars, and other similar opportunities are all available to Federal executives who want to reach out and look at public policy issues beyond the boundary lines of their individual departments and offices.

2. Unless advocacy can be curbed and Federal executives place a value on the wider interest over narrow agency or constituency pressures, Executive Office or White House staff will take over and do it for them.

A few years ago I attended the swearing-in of the new Assistant Secretary for Indian Affairs at Interior. He was a Blackfoot Indian, and his fellow tribesmen had come to witness the ceremony. Afterwards a Blackfoot chief rose and pointed a long finger at Secretary Andrus. "Remember, Mr. Secretary," he boomed, *"he's one of us."* I left wondering whether the new Assistant Secretary would be a public administrator—or a captive.

The President and the White House Staff are keenly aware of the maze of constituency pressures that are entwined with the executive branch's decision-making processes. The White House Public Liaison Office invites interest-group leaders in for special briefings, arranges "stroking" sessions with the President or with cabinet members, cultivates their newsletter editors, and sends speakers to their conventions. Yet the Domestic Policy Staff and the Office of Management and Budget usually try to discount constituency parochialism and insist that any of their proposals be judged against tough standards of cost, precedent, effectiveness and long-range consequences.

My advice to Federal executives is: Let the White House do the politicking with interest-group leaders. Make your recommendations meet the demanding test of cost effectiveness and of the public interest. (The very pluralism of interest-groups is some protection here: the priorities of one are polar opposites to others, and the Federal executive can balance the conflicting advocacies and find middle ground.)

If you fail to do this, you will be second-guessed by OMB and the White House staff, and you will reinforce the inaugurated President's built-in suspicion that you are captives rather than public administrators.

3. Unless Federal executives develop systems to share information among themselves and with the White House, they will set themselves up for the White House to do all the final staff work on cross-jurisdictional issues. And in the not-too-distant future, domestic agencies will find themselves yanked into data-sharing systems anyway.

Around the wall of the fourth floor of the beautiful old Pension Building, where the Heritage Conservation and Recreation Service of the Department of the Interior has its offices, there still runs a heavy iron rail. A hundred years ago, before the telephone, stacks of Federal documents were wheeled from office to office in buckets hung from that rail. Today, just two floors below, HCRS offices now have "electronic mail boxes"—a communications/computer/display/printout system instantly connecting their top staff, Regional Directors across the country and (on an experimental basis) one State's office. The national security community has had shared electronic communications since at least 1964, and the White House skims off the most important fraction of all of that traffic.

I sometimes think that the domestic agencies are still in the rail-and-bucket days, and my prediction is that (a) other domestic agencies will soon copy the HCRS experiment and (b) the White House will, and should, cut itself in on the most important messages in those systems, too.

Will this happen amid department foot-dragging, or will Federal executives in the domestic agencies wake up to the national security model and help the White House develop a shared domestic information network as good as the State/Defense/CIA arrangement?

The President *must* have shared information from all over the Executive Branch to match the cross-cutting nature of the problems he

has to handle. Federal executives of the '80's can either expedite this process or exacerbate the old polarities and suspicions between the White House and the Departments.

4. Unless Federal managers curb their tendency to insulate themselves from the Presidency and from Executive Office staff functions, they will weaken the executive leadership which they themselves need, and will provoke countercentralization in the Presidency.

A small business lobbyist proposed to a group of Small Business Administration executives the other day that they try to get themselves exempted from OMB budget review. An environmentalist group last year went to court to try to keep the Council of Economic Advisers from confidentially advising the Secretary of the Interior about strip mining regulations. A major Department of Agriculture official—the Rural Electrification Administrator—has been given a ten-year term to insulate him from "political pressures." Regulatory analysis cost/benefit review, requested by the Executive Office's Regulatory Analysis Review Group, may be very unpopular with some of the agencies still trying to promulgate "command and control" rules.

"Let's keep politics out of X agency" sounds like good public administration, but it is just the opposite. The real message is: "Mr. President, keep your hands off our bureaucratic bailiwick and let us unelected executives manage it as we see fit." If Federal executives really believe in the Constitution, they should live by it; let the President have his Article II powers —because only he is accountable to a watchful electorate.

5. Unless Federal executives at all levels practice respect for executive privilege, and keep the confidences implied in handling Presidential and Executive Office papers as well as those classified for national security, the White House will be increasingly driven to confine staff work on Presidential matters to an ever-smaller circle, bypassing departmental officers and distorting the public administration process.

In the very decision in which the Supreme Court denied Mr. Nixon the confidentiality of those of his tapes needed for "a pending criminal prosecution," the Court also for the first time confirmed the validity in all other circumstances of Presidential executive privilege: *"A President and those who assist him must be free to explore alternatives in the process o policies and making de to do so in a way many . unwilling to express except pr ately. These are the considerations justifying a presumptive privilege for Presidential communications. The privilege is fundamental to the operation of government and inextricably rooted in the separation of powers under the Constitution."*

Forthrightly as that principle was enunciated, it is frequently violated (e.g. by whoever it was who gave *The Nation* a year's worth of Cabinet minutes, which *The Nation* gleefully printed in its September 30, 1978 edition).

Now that we have Inspectors General in every Department to handle questions of allegedly illegal or unethical behavior—and especially in those Departments, like State, which has established a "Dissent Channel" for policy disagreements—there is much less justification for leaking and whistleblowing.

But justified or not, noble though they may be claimed, the acts of a leaker or whistleblower disclosing confidential or privileged communications have to be looked at from one other angle: their effect on Presidential public administration. There is no question what this effect is: it dries up a President's willingness to encourage interagency participation in his decision-making processes. He and his close associates will retreat into using back channels, "eyes only" envelopes, and closed door meetings, from all of which both career and non-career executives from the line departments will be increasingly excluded.

There is a clear message here for Federal executives: show disrespect for executive privilege, and you get frozen out of participation in top-level policy work.

Jan

trend of centralizing the policymaking process more and more within the Executive Office?

Yes, unless . . .

The above are the views of the author and not those of the Brookings Institution.

"PRODUCTIVITY COMES FROM PEOPLE, NOT FROM MACHINES"

AN INTERVIEW WITH MAJOR GENERAL ?OD E. CLARK, U.S.A.F.

bby Rosenthal

Major General Lynwood E. Clark began his military career in 1949 as an aviation cadet and in 1961 graduated from the Armed Forces Staff College in Norfolk, Virginia. A much decorated command pilot and fighter gunnery instructor, he has served all over the world and seen combat in Korea and Vietnam. In 1967 he was assigned to Headquarters, U.S.A.F. as an operations officer and served with distinction in command posts in Idaho, Taipei, Okinawa and Hawaii before coming to San Antonio.

The San Antonio Air Logistics Center, Kelly Air Force Base, Texas, has recently been the focus of national attention as a result of its dramatically increased productivity. Since General Lynwood E. Clark assumed command in 1977, Kelly has received the Air Force Organizational Excellence Award and the 1980 National Award for Excellence in Productivity Improvement of the American Institute of Industrial Engineers. It has also been designated an Exemplary Practice in Federal Productivity by the Office of Personnel Management.

One of five similar centers in the Air Force Logistics Command, Kelly Air Force Base provides world-wide support to Air Force aircraft, engines, support systems, and components, including purchase, storage, distribution, and maintenance. The base is organized into seven directorates and employs 16,500 persons, 15,300 of whom are civilians and 9,000 of Hispanic heritage.

Under General Clark's leadership, Kelly Air Force Base has used such management techniques as orthodox job enrichment (OJE), management by objective, and a strong labor standards improvement program to raise productivity substantially. The Maintenance Directorate, for example, produced 30,000 more engine components, overhauled more than twice the number of aircraft, and produced 23% more commodity items in 1978 than 1977. At the same time, the Directorate achieved a decline in defect complaints, a 90% rating for on-time delivery, and improved levels of quality control.

An important component of the Kelly productivity effort is management's commitment to a vigorous employee relations program. Structured competition, formal recognition programs for performance, and a high priority employee "hotline" have resulted in reduced sick leave rates, smoother union-management relations, and improved worker morale. In response to management's firm support of affirmative action principles, EEO complaints have decreased by 50%.

Q. Since your arrival at Kelly Air Force Base, you've launched a number of programs to increase productivity. One that stands out is the Orthodox Job Enrichment program. What is OJE, why did you choose the OJE approach, and how did you carry it out?

A. Let me say first that what works for one organization or person may not work for another. When I arrived here, I had to find out what the problems were and what motivated the people involved before I could begin. Orthodox job enrichment offered a structured approach to solving problems that touched a great number of people and a very complex pattern of organization where normal techniques of leadership might not work. With OJE, I was able to get things moving across the barriers between our Directorates. That had been a major problem here.

OJE involves improving the work environment and the quality of work through redesigning jobs to make individual workers more responsible and the work less fragmented. It provides a structured approach for managers to tackle problems, whether they're problems in morale or in the production process. It trains managers to do this and brings them together as problem-solving teams. There's no magic in OJE—I've used the term on occasion that it's snake oil—but it does offer structure. At first, I attempted to apply OJE principles informally, across the board, with a minimum of training, but this approach didn't prove very effective. OJE worked best when we went through the whole hierarchy of training, the entire procedure. That structure was needed to get people working. It forced supervisors and employees to sit down and talk about problems, as opposed to thinking the other guy was doing something about it and losing the problem in the interface. When OJE was done thoroughly, people recognized its value and it was successful.

One area where OJE worked especially well was in the J-79 engine tear-down unit. Our success was bred primarily by a group of people who were bored and disillusioned with their jobs because they didn't feel recognized. They were the also-rans, and they needed an opportunity to spread their wings, to feel more productive and undertake more complex tasks. We improved the work environment and restructured some of those jobs to increase worker involvement in the total project. We got our managers meeting together. The proof of the pudding is that under OJE they came up with some darned good ideas on how to improve the tear-down process and how to salvage parts. Morale is good. Some of those people, the ones who

demonstrated excellent performance, have been promoted to higher grade levels in jobs where they feel they're doing something more important.

Q. What about your labor standards improvement program? How did you decide to cut 10% from non-engineered job standards and 15% from engineered job standards?

A. I wish you hadn't asked me that. We reached out and grabbed those figures out of the air. Frankly, we took a chance—calculated, of course. I had been in the shops and watched the people in their work environment. You can tell when people are really busy or just busy-busy or not busy at all. I felt it was a reasonable risk to make those cuts. I knew one thing: if we cut too deep, heads would pop up, and people would say, "Help, I can't do my job," or else certain items would not be produced on time. As it turned out, not a single head popped up. So I have to draw one conclusion: we didn't cut them quite far enough.

But there's a point where you can become counter-productive. If people begin to believe you're running a sweatshop, then you're going to have a rebellion. When we cut standards we launched some recognition programs to make people feel that increased productivity through better efficiency paid off in a sense of accomplishment. The productivity award received by our Directorate of Maintenance from the American Institute of Industrial Engineers was an outgrowth of that effort. With malice aforethought, determination, intent, we went out to get that award for a group of people who had done very, very well. We put together a brochure and did a lot of horntooting. They deserved it. That's why we did it.

Q. Were people afraid that increased productivity would lead to lay-offs?

A. In cutting standards we had to assure people that we would bring in extra work. One reason I had confidence in the program was that I knew from my previous assignment in an operational command there was lots of work that had been stacked in the back shelves awaiting space in the depots' overhaul lines. We hustled for that work. In fact, in 1979 we arrived at nearly 800,000 extra manhours, and a significant proportion of that went to increasing Air Force readiness. We brought in extra airplanes, some of which nobody else would touch, extra pieces that needed repair, extra engines. That does everybody a favor. It gives us more work and puts more serviceable items on the shelves in our combat units. That's what we're in

business for—to support our operational forces.

But basically people wanted greater productivity. Some of them were very bored. I talked to literally hundreds of our employees, asking them what they felt about Kelly and their jobs and what they would do to improve things. I found a significant number wanted more work. They didn't have enough to keep them busy and dreaded coming in the gate because they knew they'd be bored. Now they don't have to wait for the day to end.

Q. When you were formulating ideas for your productivity effort, where did you look first?

A. I went to the people. I went to the situation. I spent a lot of time in the shops. I'd worked in the maintenance area of an operational unit on Okinawa, so I understood what people were doing and talked their language to some degree. I found—and I'm referring to our Mexican-American employees now—that they're patriotic, very proud of their association with Kelly Field. After you've broken the ice, they'll tell you honestly what the problems are. In some organizations, people try to hide problems, but that wasn't the case here. Also, we have a very stable, very experienced workforce at Kelly. If you give them a problem, take the rules away from them and just get out of their way, they'll solve it for you.

Sometimes when you talk to people you learn some non-job-related

and kept the grass up. For our people, that's a good investment. That's the kind of thing a manager has to find out if he or she is going to motivate people.

Another thing: I always check the interfaces between units. I don't care where you are, there's inevitably a disconnection at the interface. If you know where to look for the problem, you don't waste time at the middle of the organization. Instead you determine how the interface needs to be accomplished and get the people there talking to each other. That way, they believe they're solving the problem, and they're happy. You've stuck your nose right in the middle of their business, and they don't resent it—too much.

Q. How do you keep productivity up, after the initial excitement's worn off?

A. You have to go back in and remotivate people frequently. Frankly, if we did something like OJE over again, that would be demotivating to them. They've already had OJE, they know the rules, and they would be bored. You use something different and establish a rhythm of change.

And, once again, you have to know your people, you have to maintain contact with them. We seem to go through cycles here. For a while we'll work on one aspeet of employee relations and give it a big push. We'll interview and listen to grievances and complaints. Then it seems to die off and something else comes up as a problem. Right now, hot weather is an issue. We're pushing hard on the cooling problems that exist and putting more effort into it than rightfully it's owed from a priority standpoint—but again, it pays off in keeping people happy. And I think that's the bottom line. Productivity comes from people, not machines. You can spend millions of dollars to get a one pereent increase in efficiency by putting in new machines, but by convincing people that they can do the job more easily, more effieiently, better and with pride, you can get a ten or fifteen percent inerease.

Q. Do you have any special ways of handling red lape?

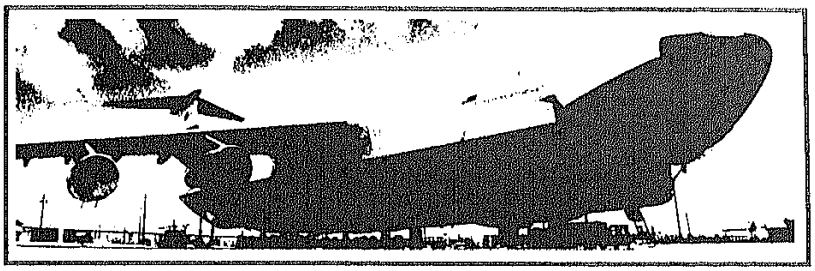
A. I do, but I don't recommend them because you get in trouble all the time. And I am in trouble continuously. Let me put it this way. I don't break rules, but I sure as the devil stretch them to the maximum degree in order to get the job done. And I encourage our people to do the same. Now, after the Air Force writes a rule or regulation, as it comes down the line eaeh intervening level of command adds a little twist to it, and pretty soon you have an end-produet whieh you have to implement, but which sometimes is not too sensible. The normal thing to do is salute smartly

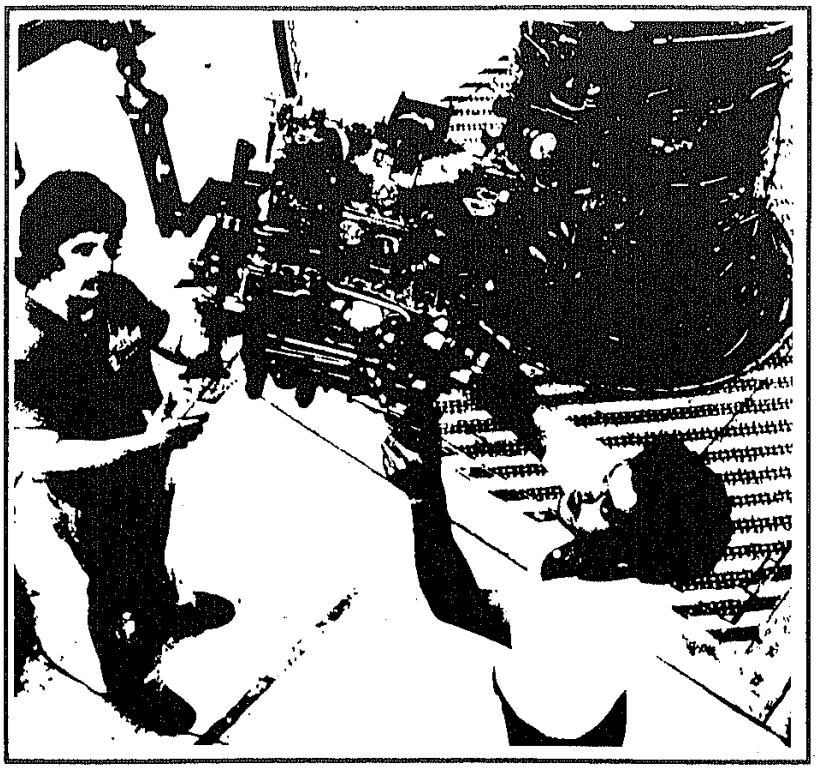
and proceed as directed in that particular regulation. But I have tried to convince people here that they ought to challenge that. I don't suggest that they break the rule, but rather that they challenge it and show the people back up the line how the job can be done more effectively if all the trash and trivia is removed. We also try to get permission to deviate from certain procedures on an interim basis until they can be corrected or improved.

In a way, it's a test of patience more than anything else. You need patience to see whether the ideas you have will be accepted or, if they're not, what it is you can do to say it a different way another day. Finally people get so sick of hearing you that they say, "All right, go ahead and do it."

Q. You seem to be someone who takes risks. How do you encourage the people you work with to take risks?

A. By protecting them. One of the reasons I can take risks is that my boss works very hard to protect me. He's great to work for. You've got to be willing to stand up and take all the brickbats that are thrown. Otherwise your people won't stick their necks out, and you can't blame them. It took a long time for the employees here to gain enough confidence to take chances and start doing things that needed doing.



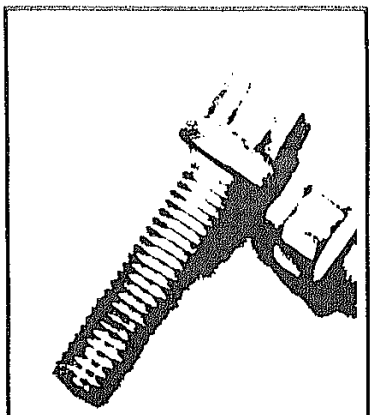


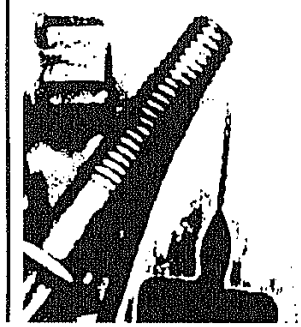
Q. How do you use competition to increase produetivity?

A. Generally speaking, if you have a competition, people enjoy it. There are exceptions, of course, but the majority will get in there and hustle. If they feel they affect the outcome, they'll hustle for sure. If they think they're not influencing it or have little influence, it won't mean much to them. You've got to make sure the competition is something they can touch and feel. You also have to protect some of the weaker ones. If you have a weak section because of poor supervision or poor training or a tougher job, you've got to modify the rules so that they stand a chance of winning. Competition can be counterproductive if you're always losing. Also, I think you have to change the competition from time to time, because people become bored with the same game.

One important incentive to our people is a Hall of Fame competition among the Resource Control Centers, which are organizational units in the production area. Units with similar functions compete against each other for recognition. Productivity is only part of it. Other factors involved are quality and leave rates. We also have performance awards for individuals.

And then there's Tourneyfest—that one even shocked me. It started in our Materiel Management Directorate—I just watched in amazement. Basically Tourneyfest is a competition among employees in anything they want to do. If they play checkers, darts, tiddlywinks, tennis or even make wine, they are encouraged to compete—after work and on weekends, of course. The idea was so effective that I stole it and applied it to the whole base. Now we have a yearly competition that lasts from late February through the playoffs during our Family Festival in June. If you don't believe people get excited about it, you should see some of our Kelly workers who have never been





inside the fences past Friday lining up to get on the softball field. But just as important, Tourneyfest got people who work together talking to each other. It's not directly related to work—except that the Directorates compete against each other—but it builds esprit de corps and individual morale, and makes for a happier, more productive workforce.

Q. Every now and then I hear it claimed that productivity has suffered from affirmative action programs. Could you address this issue?

A. The EEO program here has paid off because the majority of our people believe it's doing some good for them. Our workforce is 63% minority, so it's understandable that if our employees feel we're concerned about EEO and treat them fairly, they're more productive. Now, in any group there are a few exceptions, people who use the EEO program either to subvert the merit system or to promote themselves in an unfair way, but all in all, the organized effort to improve the lot of minorities is worth every bit of time invested. We press hard here for EEO, and it has helped us get the kind of cooperation and performance we're looking for.

Q. What are your strengths as a manager?

A. Oh, probably persistence. And a bit of the chance taking that we talked about earlier. I feel secure in my job, my boss is very supportive, and I've always been a chance-taker, so part of my competition is to compete against myself. Obviously there are times I make mistakes, but my ego isn't so big that I have to win every time. I care whether I'm successful, but if I'm not, I scratch that one off the books and try something different.

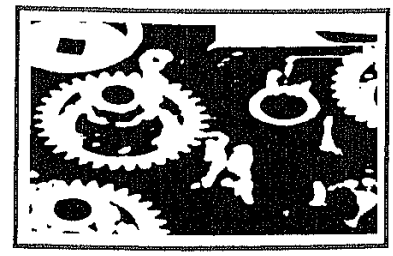
I guess another factor is that I enjoy people. I like them, I believe they're basically good. I also believe that they want to work and that if you take the stumbling blocks away from them, they'll do a tremendous job. As a result, they probably work better for me than they would for somebody who didn't enjoy them, who felt they were tools or playthings.

Clark's Management Agenda

1. *Identify problems and inefficiencies.*
2. *Encourage friendly competition.*
3. *Encourage innovation.*
4. *Be patient and persistent.*
5. *Maintain involvement with the total operation—but delegate.*
6. *Handpick key people, whenever possible.*
7. *Know your people.*
8. *Assign specific tasks to specific people and avoid committees.*
9. *Balance discipline and reward.*
10. *Take care of your people.*

Q. What do you look for when you hire staff? Experience?

A. Yes, but experience can be hard to determine. I look for people who are leaning forward in the chair wanting to get at the job. You can take someone like that and steer him or her to significant accomplishments. You allow for a little toe-stubbing, but ultimately you can turn that person loose to accomplish things. With someone who's hesitant and has no confidence, you spend most of your time pushing. More than experience, I look for an attitude that says, "I really want to get in there and do something."



For more information on Kelly AFB productivity, write OPM's Productivity Resource Center, Box 14080, Washington, DC 20044.

By Anthony F. Ingrassia

LABOR-MANAGEMENT RELATIONS FOR THE FEDERAL MANAGER

Item: "The Congress find that—

"(1) experience in both private and public employment indicates that the statutory protection of the right of employees to organize, bargain collectively, and participate through labor organizations of their own choosing in decisions which affect them—
(A) safeguards the public interest,
(B) contributes to the effective conduct of public business, and
(C) facilitates and encourages the amicable settlements of disputes between employees and their employers involving conditions of employment; and
(2) the public interest demands the highest standards of employee performance and the continued development and implementation of modern and progressive work practices to facilitate and improve employee performance and the efficient accomplishment of the operations of the Government.

"Therefore, labor organizations and collective bargaining in the civil service are in the public interest." Section 7101 (a), Civil Service Reform Act, Public Law 95-454.

Item: As of November, 1979, there were 1,245,988 non-postal Federal employees in bargaining units represented by unions. This is 61% of the total civilian Federal workforce. In contrast, about 23% of the total workforce in the private sector is organized by unions.

These are the labor-management realities that face Federal managers: It is express public policy that labor organizations and collective bargaining in the civil services are in the public interest. Further, Federal employees are represented by unions at a rate more than two and one-half times that of employees in the American workforce. The Bureau of Labor Statistics, having surveyed the degree of organization in 34 industries, ranks the Federal government as 14th, just below mining (11th), fabricated metals (12th), and electrical machinery (13th), but above paper (15th), manufacturing (16th) and rubber (17th).

What does all this mean for Federal managers? For one thing, it means reduced flexibility. Prior to 1962, and President Kennedy's Executive Order 10988, management was free to make and implement decisions unilaterally. E.O. 10988 limited that freedom somewhat by requiring consultation or negotiation with unions that qualified for those rights. President Nixon's successor Executive Order 11491, in 1969, imposed greater restrictions by establishing third party mechanisms for resolving labor-management disputes.

It is clear that management has less flexibility under Title VII of the Civil Service Reform Act than it had under the Executive Orders. One extreme example is represented by the *Ft. Dix* case (November 1979). During negotiations between the Army-Air Force Exchange Service, Ft. Dix, New Jersey and the American Federation of Government Employees, AFL-CIO, Local 1999, the union made the following proposal: *In the event of a disciplinary suspension or removal, the grievant will exhaust the review procedure contained in this agreement, i.e., grievance and arbitration before the suspension or removal is effectuated, and the employee will re-*

WHAT KIND OF RELATIONSHIP WITH THE UNION? AND WHAT

main in a pay status until a final determination is rendered.

Management refused to consider the proposal and indicated to the union that it was a non-negotiable infringement on management's right to discipline employees. In doing so, management relied on a line of cases under E.O. 11491 that had held that union proposals interfering with management's reserved authority to act, or unreasonably delaying that authority, were equally non-negotiable.

The Federal Labor Relations Authority, established by the Civil Service Reform Act of 1978 to decide labor-management disputes, ruled that the matter was negotiable. The Authority read the legislative history of CSRA to mean that it was Congress's intent only to protect management's right to act *at all,* not to protect it against unreasonable delay. (It must be pointed out that the Authority's decision was not that the proposal had to be accepted, but rather that it was a legal proposal for the union to make and that the parties ···· required to bargain on the good faith.)

ce of Personnel Manage-
the Department of De-
taken strong objection
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plus an independent
ounsel who will provide free investigative and prosecutorial services (mostly directed at management); the Merit Systems Protection Board and its even more wide-ranging Special Counsel; the widened scope of matters that can go to arbitrators; and the likely increased role of the courts. Add to this apparatus the existing roles of the General Accounting Office and the Equal Employment Opportunity Commission, and the conclusion is clear: the monolithic personnel system is dead.

The result is more complexity, more legal issues and litigation, more areas of union interest and involvement, more aggressiveness, and more challenges to management decisions. There will be more costs and more delays, and a greater likelihood that disputes will escalate to top echelons if not anticipated and managed. And the proliferation of third parties mentioned above means that more decisions will be made outside your agency.

These negative aspects of the situation should not be overemphasized. The costs, the delay, and the rest are the price we pay for employee involvement in decision-making. It is a justifiable price, indeed a necessary and worthwhile price to pay, if it results in joint problem-solving by permitting input to management decisions from those affected by those decisions.

We have known for years that the character and composition of the work force, including the Federal work force, have been changing. Workers are younger, better educated, more interested in achieving personal satisfaction and personal goals, less patient, and less accepting of authority. We also know that in private industry absenteeism, employee turnover, and work-spoilage rates are high, while America's annual rate of productivity increase is lower than it has ever been.

All those things may or may not be connected, but some of the largest and best managed corporations in the country are acting as if there is a relationship. These companies have decided that there is more to productivity than capital investment, new technology and different processes. They are spending a lot of time, money and energy on efforts that recognize the intelligence and dignity of their workers, and encourage workers' involvement in improving productivity. These companies are convinced that significant improvements can be achieved through employee participation at the work site. Companies that are unionized must channel their efforts through the union, as most Federal managers must.

The Civil Service Reform Act presents a real challenge to management. Union and employee involvement in decision making does result in decreased flexibility. At the same time, that involvement provides the incentive for improved productivity that comes with a motivated, participatory work force. The management task is to protect and use the flexibility that remains, and to enlist union and employee support for more effective and efficient public services.

How can this be done?

All managers, top to bottom, have got to become aware of, and involved in, their agencies' labor relations policies and practices. An adequate and competent labor relations staff is a prerequisite, of course; but labor relations responsibility cannot be abdicated entirely to that staff.

Management cannot stand pas-

DOES MANAGEMENT WANT PRICE IS IT WILLING TO PAY?

sively by, reacting to, rather than anticipating and dealing with, employee/union concerns. The impact on employees of management policies and actions should be carefully considered in advance, not after the union comes knocking on the door to protest. But beyond this, management should have a coherent and well understood labor relations policy. What kind of relationship does management want with the union(s)? And what price is it willing to pay to achieve it?

It should be obvious that a union-management relationship based on some degree of trust and mutual respect is an absolute requirement for union cooperation in efforts to improve productivity and quality of work life. The union simply will not trust management's motives without it.

In 1974, the Office of Labor-Management Relations developed a scale, composed of eleven elements, for measuring the quality of a union-management relationship. The elements ranked in the high and middle ranges of importance by both managers and union officers are shown in order:

1. Communication between the parties, other than negotiation, is highly developed.
2. Both labor and management fully accept the importance of the institution of collective bargaining.
3. Although each party identifies most strongly with its own interests, the parties know and respect each other's goals.
4. The parties recognize that they have certain goals in common.
5. Negotiations are carried out with intelligence, preparation, and a sincere desire to achieve results.
6. The agreement is understood and effectively administered in good faith by both parties.

Both managers and union officers placed a high value on the acceptance of each other's mutual interests and/or legitimacy and the willingness to follow through in a way that expresses that acceptance. This is particularly important in the Federal sector.

Although Federal unions represent 1,245,988 Federal employees, their membership is considerably less than that. While there are notable exceptions, the general estimate is that union membership is 40% or less of those the unions are legally obligated to represent. Many unions are underfunded and acutely aware of their narrow membership base. In such circumstances, the need for acceptance, for recognition of legitimacy, is particularly strong.

This is a sore point with many union officials. In my view, examples of overt "union busting" in the Federal sector are very, very few. More wide spread, unfortunately, is the lack of an affirmative acceptance, a genuine recognition of mutuality and legitimacy, where there is a union in place.

The key point to remember is that collective bargaining is a process. The union doesn't exist to achieve a specific, identifiable goal (other than AFL pioneer Samuel Gompers' famous "More"). Rather, it exists to represent its members in dealing with management. Therefore, they want management to deal with them. (In the private sector, there is a discredited labor relations system known as Boulwareism. At its best, it meant careful research by management as to what workers' needs were, what was fair and equitable, then offering it to the union, and *standing firm thereafter*. This was detestable to the union. Even if the company's offer was a good one, there was not union participation in the process.)

Also, unions are political organisms, and union officials are politicians: they win or they lose elections. Like all politicians, they want to look good, and they want their names and their pictures before their constituents. Bureaucrats may be faceless, but union officials are not.

Another important point is that union officials know very well something that good managers know: Knowledge is power. A manager who keeps the union informed on matters likely to be of interest or concern to its members is performing a service to that union. On a few occasions this can prove troublesome; it can mean delays or explanations that might not otherwise be necessary. But more often, it will mean no problem where there might have been one. And if the union is not kept informed of things in advance, [illegible] suspicions [illegible] th[illegible]

My final point is that management must be strong and management-oriented. The acceptance of union legitimacy must not be confused with "caving-in" or "giving away the store." Weakness, or disregard of one's own interest, is a poor basis on which to build a relationship. Good collective bargaining results when strong, self-confident union and management representatives hammer out agreements that reflect the needs of the people they represent, respect for those across the table, and a desire to resolve legitimate problems and concerns.

Anthony F. Ingrassia is Assistant Director for Labor-Management Relations, OPM.

E.E.O.C.'S

IMPROVED CASE MANAGEMENT SYSTEM

By Lewis W. Taylor and L. S. Tao

When an agency is overwhelmed by caseloads, its primary management objective often is just to "get by." Only when it has successfully overcome the pressures of backlogs can it achieve its broader missions. The Equal Opportunity Commission seems to have gone through this process.

In 1972, when Congress amended Title VII of the 1964 Civil Rights Act, it set a high priority on EEOC's enforcement efforts to attack discriminatory employment patterns and systems in society. However, until the Commission could resolve the backlog of charges filed (a total of 100,000 in December of 1977), the agency could not devote the full resources necessary to establish programs to meet its enforcement responsibilities.

Management Initiatives

EEOC attacked its backlog problem through a series of management initiatives that have resulted in significant productivity improvement. Within two years it reduced the backlog by approximately 50,000 cases and has continued to whittle it down. At that rate the Commission expected to eliminate the pending load by the end of September, 1980.

Reduction in backlog, however, is merely one indicator of EEOC's accomplishment. The other indicators include more timely processing of cases, eliminating inappropriate cases from the system more promptly, an increased number of settlements, and a higher average monetary award for the successful charging parties.

The change appears primarily due to the following actions taken by EEOC's management since the beginning of 1978:

- Install new case processing systems and procedures that reduce backlogs and inefficiencies.
- Reorganize field operations, organizing the administrative process along the same lines as the litigation functions, and shifting staff to locations having heavier workloads.
- Obtain authorization for hiring more professional staff to handle cases.
- Develop a new information system on cases and install online terminals for the district offices.
- Tie the information system in with management planning and evaluation.
- Set performance indicators for field offices and conduct periodic review of their performance.
- Increase management accountability by tying performance appraisals for senior executives and managers to their offices' productivity.

Case Management by Stages

In 1977 EEOC revised its case processing procedures and designated the District Offices in Baltimore, Chicago and Dallas as model offices for experiment. Under the new system, staff was assigned to separate units that deal with different phases of a case in sequence. Some of these are: intake, fact-finding, continuing investigation and/or conciliation, and Early Litigation Identification. To increase coordination, legal staff were integrated with management and investigative staff in the district offices. Criteria for professional judgement and determination were set for staff use on cases.

As a result of this "case management by stages" approach, productivity in all three model offices increased by 65%. Total cases resolved increased 96% over the prior year, with model offices resolving 33% more charges than they received. Not only was backlog reduced, but new charges were processed in approximately 65 days, compared to the nearly two years previously needed to complete a case.

Comparative Productivity

	Baltimore		*Chicago*		*Dallas*		*Total*	
	1977	*1978*	*1977*	*1978*	*1977*	*1978*	*1977*	*1978*
Average Staff	25	20	22	34	24	41	71	95
Closures	980	1729	884	2160	1429	3435	3293	7324
Closures/person	39	86	40	64	60	84	46	77
Change	+121%		+60%		+40%		+67%	

Case management by stages proved so successful in the model district offices that it has been applied throughout EEOC. Under the new system, professionals do not carry cases from their initiation to completion; each staff unit is assigned only one stage of a case, and units are structured along the important stages that a case will normally go through. The system of case management by stages, which was used to accelerate the development of the Polaris missile, is based on the following three assumptions:

1. A project can be divided into a set of predictable, independent activities.
2. The sequence of project activities can be determined by a graph in which each activity connects with its immediate successors.
3. Activity times may be estimated.

In case management, there are various independent activities that must be performed on a case as it progresses through the various stages of an investigation. The formal case process can be flow-charted so that stages of the investigation are identified and isolated. Staff resources are then targeted for each of the stages. (The Office of the General Counsel, National Labor Relations Board, has applied the approach of case management by stages since the mid-1960's.)

EEOC's system incorporates the following well-tested principles of effective case management:

- Eliminate inappropriate cases as early as possible.
- Generalize common, routine activities of cases and develop standard procedures to deal with them.
- Process cases concurrently and resolve them at the earliest possible stage.
- Develop and use an information system to track cases and form the basis for evaluating management performance.
- Establish time goals for case processing at each stage and revise the goals periodically on the basis of productivity information.
- Hold supervisors and, if possible, individual employees accountable for unacceptable performance.
- Provide incentive awards to supervisors and employees for improved productivity.

Management Accountability System

EEOC's top management adopted a Management Accountability System (MAS) for case processing in all of its field offices. The system is rooted in two management principles: accountability and management by objective. Managers are required to report regularly on case processing to the Central Office. The Central Office, in turn, conducts annual on-site reviews to evaluate whether field offices are processing cases correctly and effectively. Moreover, the system requires that performance appraisals for managers be based on productivity, cost efficiency, timeliness of performance and the achievement of affirmative action goals in hiring. Finally, it stipulates that managers establish a plan in which they set objectives for their offices and by which they operate the offices. Managers are held accountable for meeting these performance objectives.

EEOC's management plan is formed from three major elements: performance indicators, management improvement projects, and a statement of critical issues. It is divided into ten program units that parallel both the case processing system and the functional structure of each office. Tied all along the line with the order of work being done, the EEOC plan operates as the focal point around which productivity is tightly connected with performance appraisal, accountability, management by objectives, performance indicators, and incentive awards.

Quality Assurance

An important question is whether or not EEOC's improved speed in case processing has resulted in lower quality of service as measured by citizens' complaints, professional judgement of errors in the findings or disposition of cases, or an increased number of controverted or litigated cases.

Although EEOC does not now provide systematic information on citizens' complaints about quality of service, there is no evidence that the number of such complaints has increased. The Commission, however, does conduct audits of sampled cases processed in the field offices. And field offices are expected to conduct self-audits every two months on a sampling of cases processed. In fact, the rapid charge processing systems seem to have built-in quality assurance in that collective reviews of problematic cases are conducted by a Management Review Group, or by a supervisor with an Equal Employment Specialist who handles a difficult case.

Nevertheless, there seems to be a need for the Commission to design a procedure to discourage managers from pressuring for premature disposition of cases in order to meet a production goal.

Overall Improvement

If productivity is the ratio between input (including the pending load) and output, EEO's productivity has increased remarkably. New charges are now processed in an average of four months (versus two years previously); 30% more charges are resolved; more than 50% of new charges resolved result in remedies to the charging parties (versus 17% previously); and about 25% of incoming cases are screened out by the system because they are not covered under EEOC's authority under Title VII.

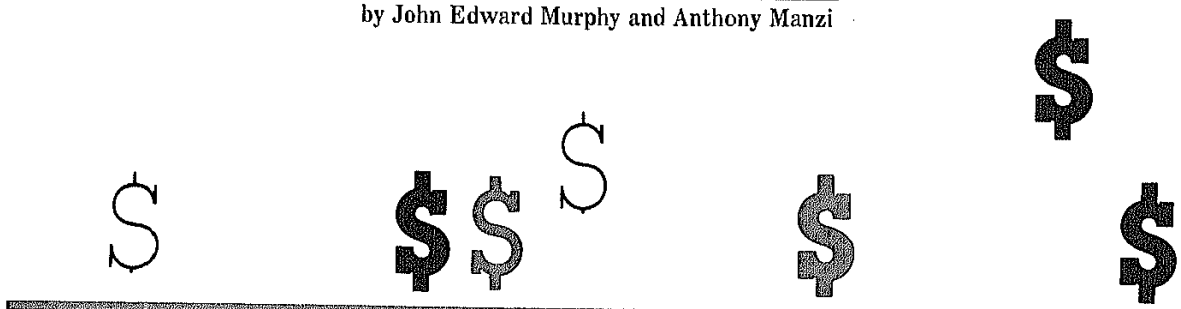
The EEOC experience suggests that management initiatives are crucial to improving agency performance and that productivity can be effectively increased without necessarily relying on the use of advanced automation technology. In fact, almost every feature of EEOC's management reform can be found in the Civil Service Reform Act of 1978. In this world of technology, human factors are still important to productivity management.

Lewis W. Taylor is Director, Counsulting Resources Division, and L. S. Tao is Program Manager for the Case Management Program in the Division, WED/OPM.

YOU AND CASH MANAGEMENT

A PRACTICAL PERSPECTIVE

by John Edward Murphy and Anthony Manzi



Though often considered mundane and technical, improvements in cash management can result in significant savings to the government. In fact, the Office of Management and Budget estimates potential savings of up to $300 million by simple, relatively painless improvements in the way Federal agencies handle cash. Considering [illegible]ential, managers should be [illegible] of ways to improve [illegible]ent practices [illegible]ices affect the U.S. Treasury.

[illegible] getting the most out of the money we receive, hold and disburse. Until recently, the topic has received little attention by anyone outside OMB and the Treasury Department. However, recent developments, including revised regulations governing cash management (I TFRM 6-8000), spurred improvements to strengthen cash management policies and practices.

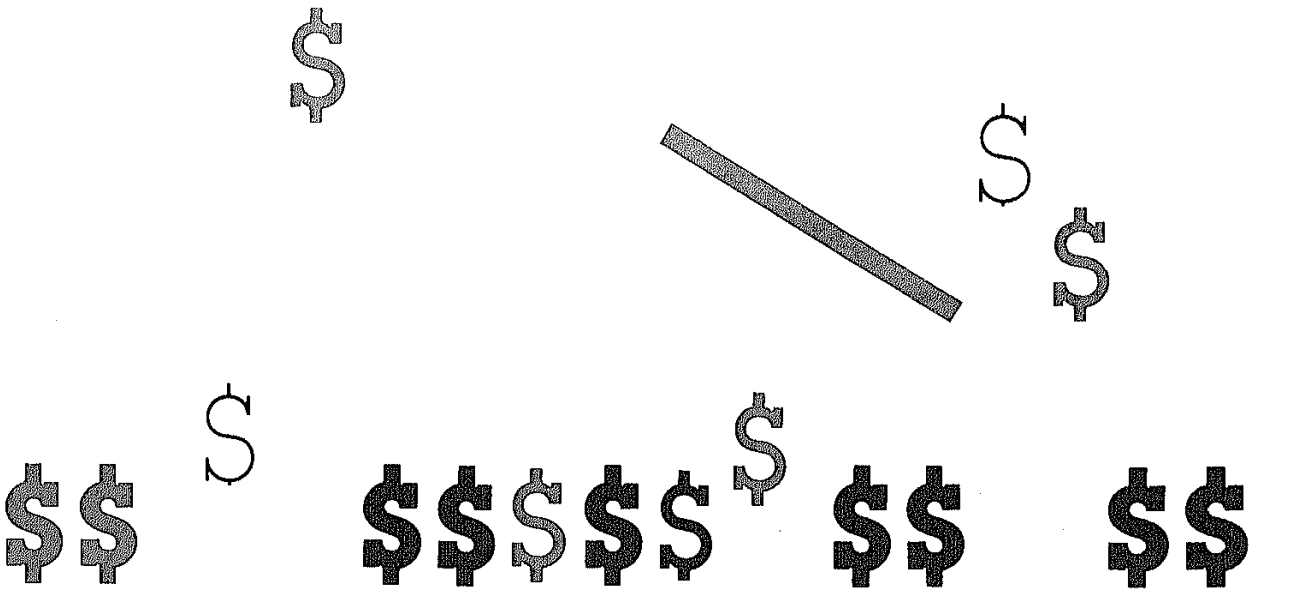
A fundamental concept of cash management is the time value of money. Anyone who has ever paid or received interest knows that a dollar in hand today is worth more than a dollar in the future. Because money has a value over time, organizations as well as individuals are willing to pay interest for its use. In one sense, interest can be viewed as a rental charge for the use of money. Idle cash balances incur a cost, either directly (because they could be used to reduce debt and interest cost), or indirectly (as interest income lost by not investing).

[illegible]cal purposes, effective cash management means (a) collecting money as quickly as it is due, (b) ensuring that we pay bills and make other disbursements on time, not early or late, and (c) seeing that the money that accumulates between receipt and disbursement is put to work.

Billings and Collections

Virtually every executive agency is to some extent responsible for collecting money. In addition to corporate and individual income taxes, government receipts include such items as loan repayments and interest; sales of timber, electric energy, minerals, and real property; rental charges; and fines and penalties. The sooner money owed to the government is collected, the sooner it can be put to work. Agencies should try to collect receivables as quickly as possible to reduce overall interest costs. Contracts authorizing goods or services to organizations outside the government should:

- establish a definite payment due date, normally 30 days from the date of the invoice,
- require that payment be received no later than the due date,
- provide for payment by wire where applicable,



• provide for additional charges for late payments, and
• provide for follow-up of past due accounts.

How to Accelerate Collections and Receipts

Simultaneous Deductions from Disbursements

Numerous payments made by the Federal government simultaneously deduct payments to be made to other Federal funds. By eliminating the need for individuals to make separate payments to those funds, the procedure removes potential collection problems and allows deposits to be made much sooner than if payments had to be collected from individuals.

For example, veterans entitled to VA benefits may elect to have National Service Life Insurance premiums deducted from their benefit payments, enabling the VA to collect and deposit insurance premiums on the first of each month.

Advance Collections

Payment may be required in advance or, in some cases, immediately upon receipt of goods or services. For example, large volume purchasers from the Government Printing Office, such as universities, must pay the estimated cost of their orders in advance. This technique, although not always applicable, is most advantageous.

Wire Transfers

Using wire transfers substantially reduces collection time. At the time of the transaction, the payment is electronically transferred from the payer's bank account to the General Fund of the Treasury. When large amounts are transferred by wire, the resulting interest benefits can be significant.

Aggressively Negotiated Collection Terms

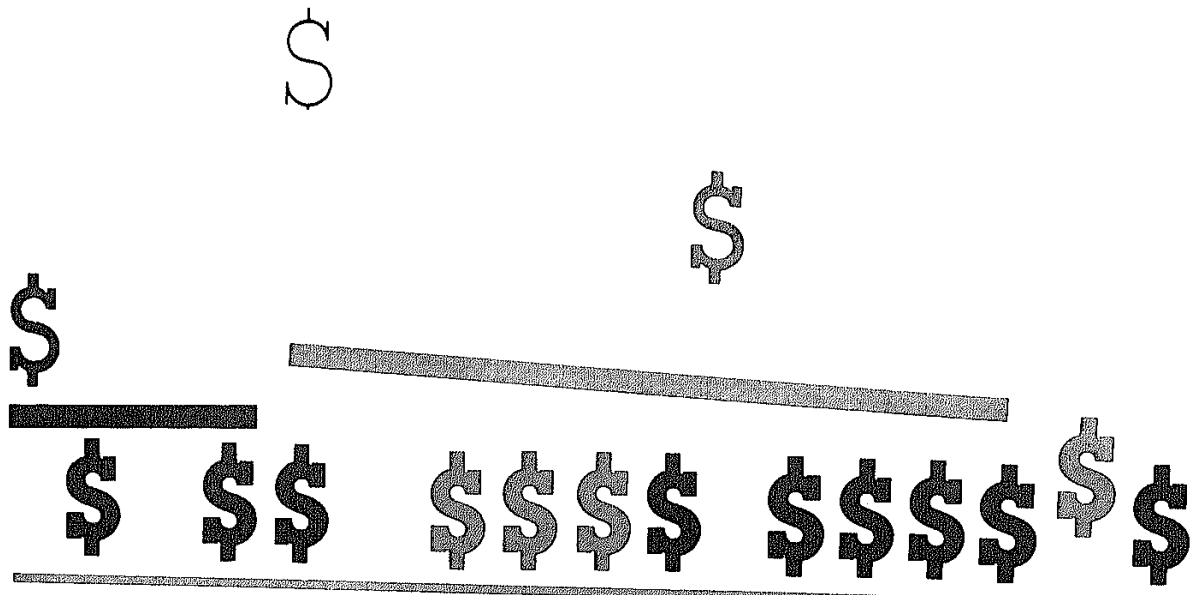
In the past, agencies providing goods or services to non-government customers have paid little attention to collection terms. Contracts should be negotiated aggressively, with payment due within thirty days of the receipt of the invoice, which is the commercial standard. To enforce these terms, a late collection penalty requirement should be included.

Courier Service

This method is used for very large payments or when other methods such as wire transfers are not feasible. If a large payment is mailed to an agency, each day in transit represents a day's possible interest lost. Depending on the individual case, the cost of courier service may be outweighed by the additional interest that could be earned.

Receivable Follow-up

While timely billing procedures are essential, the task is not complete until collection has been made and receipts deposited. Agency information systems must be capable of pinpointing overdue accounts and firm action should be taken to collect the identified accounts. Too often, agencies take the "simpler" approach of writing the account off as a bad debt.



Deposits

Deposits with the Treasury must also be timely. Treasury Department regulations now require that agency receipts of $1,000 or more be deposited daily. Lesser amounts may be deposited weekly. To meet this requirement, most agencies will have to change the present practice of holding checks until the recording process is complete.

How to Accelerate Deposits

Lockboxes
Normally, when collections are received by an agency, the amount of the check is verified, the proper accounts are updated, and finally, the check is deposited. Under the lockbox approach, payments are mailed directly to a bank. The bank verifies the amount of the check to the recipient's account, and then forwards the paperwork to the recipient for accounting and record-keeping purposes. Although this technique reduces processing delays, its cost may be prohibitive in some cases. Agencies must consider the average amount of payments received to determine whether the additional interest exceeds bank charges for lockbox service.

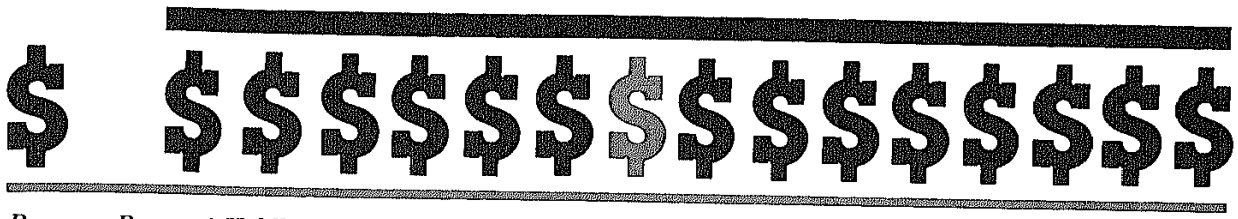
Disbursements

Disbursements of cash from the U.S. Treasury constitute the largest area needing cash management improvement. Effective cash management dictates that all bills be paid on time *but not early*. Paying bills early reduces the Treasury cash position unnecessarily and creates an avoidable interest cost. A report by the General Accounting Office determined that 45% of a representative sample of executive agency invoices were paid early; 19% were paid 15 days before they were due. Projecting to total government-wide procurements, GAO estimated that at least $118 million in interest was lost by paying bills prior to the due date.

Techniques Used to Control Disbursements

Tickler Files
This simple bookkeeping device is used to schedule payments so that they are paid on time but not before they are due. As bills are received, they are simply filed according to the date they must be processed to meet the due date, giving full consideration to discount periods. Files are reviewed daily and payments made based on these scheduled dates.

Letters of Credit
The letter of credit, most often used to fund grants, limits disbursements to the amount actually needed to cover recipient expenses. Rather than disburse the entire amount of the grant award, a letter of credit allows grantees to draw funds as needed to cover actual program expenses. In this way, the cash amount of the award is held by Treasury until actually needed by the grantee, thus increasing the cash position of the Treasury.



Progress Payment Holdbacks
In many procurement actions, periodic payments are made to the contractor as portions of the work are completed. It is not uncommon to hold back a portion of the periodic amount due until completion of the entire contract. Although several reasons exist for this practice, it represents an effective means of strengthening the cash position of the Treasury. Essentially, any action which delays the disbursement of cash from the Treasury (and is legal, ethical, and prudent) is a good technique of cash management.

Aggressively Negotiated Payment Terms
Federal procurement policy prohibits advance payments for goods and services unless special circumstances dictate otherwise. Accordingly, contracts should identify payment dates subsequent to the delivery dates specified in the contracts. Payment terms proposed by competing contractors, including discounts, should be evaluated in light of the time value of money. As a rule of thumb, any terms offering less than a ½% discount if paid in 10 days is not advantageous to the Federal government.

Minimize Prepayments, Advances, and Cash Held at Personal Risk
In most situations, cash is disbursed in payment for goods or services rendered. However, other disbursements such as travel advances, imprest funds (sometimes called "petty cash", although the amounts are not always petty) and prepayments are made before services are rendered. Prepayments should be strictly managed. For example, travel advances should not be disbursed before actually needed by the traveller and once the travel is complete, any excess advance should be quickly collected. Imprest funds and other prepayments should be maintained at the minimum actually needed.

These relatively simple cash management improvements can save the Government sizeable sums of money. The common argument that there is no incentive for managers to become better cash managers is overworked. An incentive certainly exists. As custodians of the taxpayer's money, we are responsible for using it wisely and efficiently. Given today's economic crunch and resulting tight budgets we should be more than eager to use the techniques available. It is not an overstatement to say that, as taxpayers, we should guard the government's money as if it were our own. It is.

John Edward Murphy is the Director of Financial Management Training at the Management Sciences Training Center, OPM, and a CPA in Ohio.

Anthony Manzi is an Associate Director of Financial Management Training at the Management Sciences Training Center, OPM.

Better is the Enemy of Good Enough

By Ambrose Klotz

It is said that above the door to the office of Serger G. Gorshkov, Deputy Minister of Defense, Commander in Chief, Admiral of the Fleet, USSR, is a sign that reads "Better is the Enemy of Good Enough." It makes a good point: the Soviets are building a Navy good enough to do its assigned job, and apparently have a deliberate policy to avoid designs that are better than they need to be. No informed person questions that the Soviets have a very fine Navy indeed.

In many applications the Federal personnel process is better than it needs to be. It is now so sophisticated that it appears to many managers that we've become dedicated to doing personnel things not only well, but exceedingly well. It often appears that the objective of getting qualified people in necessary positions is less important

doing so correctly, under pro-
es that are better than they

ar to be three reasons
for the state we've reached: misplaced professionalism, abrogation of responsibility, and misdirected

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in the "improvements"— (read "increasingly demanding processes") in the functions of budgeting, logistics, law, automative design, etc..

Personnelists in the pursuit of excellence should, of course, try to improve the processes of their occupation. However, changes in the personnel process should not be made if they are better than they need to be. The objective is still to get qualified people in necessary jobs. If a merit promotion or staffing process requires four, six, eight, or ten months to routinely fill necessary positions, the process is better than it needs to be, at least for *most* of the positions that need to be filled. While clinically superb processes may be appropriate for a select few jobs, it's a mistake and a disservice to mission achievement to routinely apply them to all cases.

Abrogation of Responsibility

It is generally acknowledged that personnel management is largely the line managers' responsibility. However, as the processes become more demanding, many managers do not feel that they have the time to devote to additional personnel functions. If this happens, the competent personnelist will surely fill the void—and want to do the best job possible.

In a way we should be thankful that our personnel staffs are so oriented, but if our personnelists do that in excess, they will be thwarting one of the basic objectives of the Civil Service Reform Act, which is to put personnel management back in the line managers' hands.

Misdirected Regulation

Often when confronted by a requirement that makes little sense, the manager is told ". . . but it's in the regulations . . ." If one takes the trouble to research the regulation, one usually finds that it does indeed say exactly what the personnelist says it says. Less often, but still frequently enough to be significant, one finds that the regulation doesn't say exactly that, but must be interpreted in its application to a given situation.

In the first instance, one must wonder why anyone would issue a regulation that doesn't make sense in a legitimate personnel action. Some such situations might result when a personnelist who is authorized to develop and issue rules has (rightly) decided that it would be clinically better personnel management to do things a certain way, and has issued an appropriate instruction—even if the requirement is better than it needs to be. This is simply the ultimate degree of the occupational tendency to "improve."

A strong second explanation is the tendency to close loop-holes. It is likely, in an employee population of two million, that any privilege or prerogative that could be abused will be abused. Most honorable people find the abuse offensive, and if privileged to write regulations related to the process, are inclined to close the loop-holes. The result is less flexibility for the honorable and responsible manager. The cumulative effect of this is a system that is touted as being highly flexible but is perceived as being unreasonably rigid.

Even where regulations allow for interpretation, the general tendency is to interpret conservatively. That's quite understandable. New avenues of appeal, grievance, and complaint are opening to employees, and as a society, we seem to be becoming more litigious. It seems to be the safest course to pursue an arduous administrative process in order to minimize the probability of an individual's complaint.

"At a Price We Can Afford"

We ought to frequently insert the phrase "at a price we can afford" in our policy statements, and develop our implementing procedures around that modified meaning. "Price" means not only dollar costs, but impacts on motivation, timeliness, human reactions such as loyalty and frustration, and the whole spectrum of operating environments. There isn't any question that we want the very best possible personnel management system, but we want the system at a price we can afford. Example: Crediting plans are a fine asset in the personnel procedures tool chest. A disciplined analysis of required knowledges, skills, abilities, and personal characteristics is excellent preparation for consideration of candidates. When "KSAPs" are considered in relation to the various levels of each that candidates might present, crediting plans become even more valuable. Selection procedures of this sophistication are overkill for many staffing decisions, however.

When an individual, by serious application, study, and self-development in the Horatio Alger tradition, creates a promotion potential that didn't exist before, it is counterproductive to require that this opportunity be advertised to all, forcing the individual who created it to compete. The intended mobility of Senior Executive Service employees is thwarted when inordinate paperwork requirements are attached to the reassignment process. It's wasteful to advertise for any of several reasons a vacancy intended to be filled by reassignment at the same grade.

It does no good to try to reduce staffing paperwork by generalized occupational vacancy announcements if the local interpretation of OPM's Uniform Guidelines on Employee Selection Procedures is that crediting plans must be based on the unique duties of each individual position, which cannot be reflected in generalized announcements. If "the system" limits temporary details to 120 days, "the system" should be able to fill the job on a permanent basis within that time frame. In many cases it takes longer, the manager then having the choice of doing something dumb or illegal. The Federal manager is confronted by these and similar non-productive paperwork and procedural requirements at almost every step in the personnel process.

I believe our personnel system is pricing itself out of utility. Other operating managers believe so also, but there is no effective forum in which to make this point. The intent of the Civil Service Reform Act was just that: reform, not reform*at* of existing arduous practices. At the grass-roots level of day-to-day personnel processes, however, that's exactly what seems to be happening.

This is not a condemnation of staff personnel administrators. For the most part, they are competent, hard-working people trying to do a job within the confines of a system that in many respects is an administrative nightmare. But the natural processes tend to make the personnel function more and more demanding, to the detriment of its objectives. Unless deliberate action is taken this undesirable trend will continue. The Civil Service Reform Act represents an opportunity—indeed, a mandate—for such deliberate action, but full exploitation of that opportunity is not apparent. Agency managers are not challenging unreasonable requirements; there appears to be no effective channel to do so.

A number of corrective options come to mind. Personnel processes and procedures should be subjected to hard scrutiny for necessity, as distinguished from desirability. Whenever a proposal, process or procedure is better than good enough, the incremental cost (money, time, staff, facilities) of the "nice-to-have" improvement should be identified, and a decision made as to its worth.

Similarly, when higher echelons (including OPM) propose or issue improvements that will result in incremental costs, and managers believe the benefit is not worth the cost, the improvement should be challenged. At least the opportunity for such dialogue should be presented to the people expected to carry the added burden.

At the agency level, the formation of personnel policy should be removed from staff personnel offices. A standing advisory group composed entirely of line managers, with rotating membership, should consider all major personnel policies. The chief staff personnelist should present to this managerial group the options available when there is opportunity for policy selection or direction. Each alternative should be presented with a discussion of related considerations. The chief staff personnelist might recommend whieh alternative is preferred, but the management group should recommend to the agency head which policy should be adopted. Such action would surely put personnel management back in the hands of line managers, as intended by the Civil Service Reform Act, familiarize managers with options they now are unaware of, and make known to personnelists when they are doing a job better than it needs to be done.

Ambrose Klotz is Deputy Commander for Management Support, Naval Sea Systems Command.

Evaluating Women's Work

Federally employed women should benefit from the more specifically job-related performance appraisal systems being introduced in government agencies.

The reason: male managers are more likely to underestimate a woman's on-the-job performance in the absence of specific information about what she has accomplished. According to Veronica F. Nieva and Barbara A. Gutek ("Sex Effects on Evaluation," *Academy of Management Review*, April 1980), the less detailed information managers have at their disposal, the more readily they fall back on inaccurate stereotypes of how women employees perform. Without precise evidence to the contrary, women are still commonly considered less capable than equally qualified men. A woman's successes are likely to be attributed to luck, rather than to skill. Bias is especially pronounced against women highly qualified in their chosen fields and women who have entered traditionally male occupations.

Fortunately, the reverse of this phenomenon also holds true: the more a manager knows about a woman's on-the-job performance, the less stereotyping occurs. Nieva and Gutek suggest that organizations take special care to clarify objectives and task responsibilities and to develop appraisal methods that focus on job-relevant behavior. They also advise women to make sure that their work is clearly visible to others.

Success and the Handicapped Worker

Of over 11 million Americans of working age classified as handicapped, some 58 percent are jobless, as compared to 41 percent of the total adult population. In spite of recent affirmative action programs on behalf of the handicapped, many employers still believe that handicapped workers can't perform as effectively as their non-handicapped counterparts.

An article in the March 1980 issue of the *Academy of Management Journal* ("An Analysis of the Relative Job Progession of the Perceptibly Physically Handicapped") puts this widespread bias to the test. Authors Ray B. Bressler and A. Wayne Lacy researched the careers of 808 handicapped male Caucasian employees of the U.S. Air Force Logistics Command. They chose a Federal work site for the study because the Federal government has a relatively good record as an unbiased employer of handicapped persons.

To see how handicapped and non-handicapped employees compared, Bressler and Lacy investigated seven aspects of job performance: promotion rate, performance rating, salary attained, awards rate, suggestions approved rate, educational advancement rate, sick leave rate, and tenure.

The study concludes that there are few overall differences between the handicapped and non-handicapped in career progression and contribution, given a non-discriminatory work environment. In fact, the handicapped employees showed a slightly higher level of educational advancement and a greater number of suggestions approved. They also stayed on their jobs longer. Employees with orthopoedic handicaps, however, earned somewhat lower salaries, received fewer awards, and used slightly more sick leave than the visually handicapped, the hearing or speech impaired, or the non-handicapped. Bressler and Lacy suggest that prejudice, coupled with the high visibility typical of orthopoedic handicaps, may account for this finding.

Creative Conflict

Organizations, like marriages, can often be improved if the parties involved learn how to fight constructively. George H. Labovitz, in an article entitled "Managing Conflict" (*Business Horizons*, June 1980), claims that managers too often suppress organizational conflict when they could be harnassing its creative potential.

Most managers, according to Labovitz, regard conflict as basically destructive. To resolve problems while minimizing conflict, they create either win-lose situations (in which the loser is frustrated) or compromises (in which both parties feel only partially satisfied—at best). Either way, conflicts tend to become personalized, positions polarized, and genuine solutions are lost in an atmosphere of mounting hostility.

How can managers make the most out of in-house disagreement? Confront the problem positively, Labovitz advises. Determine—and depersonalize—basic issues by relating them to organizational goals which transcend partisan objectives. Above all, don't talk in terms of specific solutions until the problem has been accurately identified. Too often, the pros and cons of premature solutions become the focus of debate, while the search for possibly better solutions is abandoned. A well stated problem will suggest its own solutions; a badly stated problem is likely to remain just that—a problem.

In ushering subordinates through the process of confrontation, the wise manager acts as a referee, interviewing differing parties privately and then bringing them together on neutral turf at a well-chosen moment. Managers should remember always to encourage differences as potential sources of new ideas—as opportunities for brainstorming, not backbiting.

A Portrait of Managerial Excellence

What does it really take to manage an organization successfully? Sophisticated techniques such as zero-based budgeting or management by objectives? Staffers with shiny new MBA's? Computers which are, for a while at least, the last word in modern technology?

Probably none of the above, according to McKinsey & Co., a management consulting firm which recently studied 37 well-run companies to discover what their management practices had in common. McKinsey's results, reported in the July 21, 1980 issue of *Business Week* ("Putting Excellence into Management"), suggest that simplicity is a major management virtue. Effective policies keep organizational structures, strategies, goals, and communications as uncluttered as possible.

The best managers, McKinsey discovered, think

"We need civil servants who are both servants and civil." Anonymous executive

"If a man has common sense, he has all the sense there is." Sam Rayburn

for themselves rather than rely on formulas devised by others. Their management styles are strongly biased towards action rather than prolonged analysis. They are willing to experiment and take risks. To remain flexible and open to change, they prefer to work with lean staffs organized into small, manageable units.

When faced with the task of improving productivity, successful managers regard people, rather than technology, as the key element. They make every effort to motivate subordinates by recognizing and rewarding outstanding performance and by instilling team spirit among employees who work together. To encourage entrepreneurship, they give their people as much operational autonomy as possible. Although it may sound like a contradiction in terms, the most effectively managed organizations apply simultaneously loose and tight controls—that is, managers watchdog certain basic corporate activities while allowing autonomy in others so as not to destroy employees' initiative.

The savvy manager, in directing the efforts of subordinates, is once again guided by the rule of simplicity. Rather than risk confusing employees by emphasizing too many things at once, successful managers consistently and enthusiastically stress one key business value, whether it be team spirit, innovation, quality control, etc. They establish a central theme or goal around which employees can rally. Similarly, the activities of the company are never spread too thin. Sound management practice dictates that a company identify its fundamental strengths and build on them.

Last but not least, effective managers adhere faithfully to what is perhaps the most fundamental principle of all: service. They are almost fanatical about maintaining close contact with customers. As the McKenzie & Co. report points out, no amount of product innovation, advanced technology, or management theory can take the place of service to clients as the touchstone of successful management practice.

Race Relations in Management

Few people will argue with the proposition that at least limited progress has been made in opening the ranks of business and government management to qualified members of racial minorities. However, it is unclear how managers themselves, both white and minority, assess the degree of progress and how each group feels about the other as co-workers and competitors.

In order to learn more about race relations among managers, Clayton P. Alderfer, Charleen J. Alderfer, Leota Tucker, and Robert Tucker conducted an exhaustive series of confidential interviews with managers in a large unnamed American corporation with a history of progressive actions in race relations. The resulting study, published in an article entitled "Diagnosing Race Relations in Management" (*Journal of Applied Behavioral Sciences*, April-June 1980), has important implications for any organization in which minority members (in this case black) and whites share management responsibilities.

The researchers interviewed 676 lower, middle, and upper level managers, white and black, of both sexes. In general, they found that perceptions of race relations in the workplace differed markedly. Although both black and white managers agreed that hiring should be based on merit, 51 percent of the white managers felt that unqualified blacks are often hired just to fill quotas.

Perceptions of promotion policy also varied widely: over ten times the proportion of whites compared to blacks believed that blacks get promoted even if they are doing a mediocre job. A high percentage of the black managers interviewed, on the other hand, believed that blacks are less well trained for promotions than whites, that whites do not share career information with blacks, and that whites are promoted more rapidly than equally qualified blacks. They also felt that blacks are given assignments with the expectation of failure and that failure on the pa
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managers interviewed believed that their performances were unfairly evaluated and that they had to work harder than their white counterparts to prove themselves.

The picture which emerges from the study is one of two informally separate and closed groups, each regarding the other as possessing unfair advantages. The researchers suggest there is a pattern of "white blindness to racial dynamics as perceived by blacks," with whites regarding racial relations in the company as far more equitable than blacks and yet being less willing than blacks to discuss racial issues openly. Whites tend to think that less enforcement of affirmative action would be a good thing; blacks feel just the opposite. The study makes it clear that although progress in race relations may be undeniable, there is always room for more of it—and for greater communication and understanding between the groups involved.

"In management thirty years experience does not count for much if it merely means ten times three of the same experience."

Neil J. McKinnon, Chairman.
Canadian Imperial
Commerce

2. Be an opportunist. Find areas of interest between you and the speaker. Ask yourself: "What's in this for me?"

3. Stay alert. Don't daydream if a speaker's delivery is slow. If your thoughts run ahead of his words, use the time to evaluate, anticipate, review.

4. Identify the speaker's purpose and adapt to it. Is the aim to inform, to persuade or to entertain?

message is written on the wind. It's transient. If we don't get the message the first time, there's usually no going back.

Q. Are school systems beginning to introduce courses in listening?

A. Yes, gradually. Until 1978, the basic competencies listed as determinants of literacy in this country were reading, writing and arithmetic. Then in 1978, the Primary-Secondary Education Act was amended, and two more competencies were added: Speaking and listening.

Unfortunately, there's a factor of realism that we have to recognize: Passing a law is one thing. Actually getting it implemented in school systems is something else. But schools ranging from New York State to Oregon and Minnesota to the Deep South are teaching listening. However, these programs are the exception and few in number.

Q. How do you convince people that a listening course isn't a sort of transitory thing—like a course in speed reading or memory improvement that may be used for a period of time, then dropped?

A. You have to make it clear that listening is the predominant communication activity that we engage in day after day throughout a lifetime. It's at the heart of our success, whether in the family, in society, in business, in government, in international affairs. And it must be taught in a systematic and focused manner.

Q. In your opinion, how important is listening for managers?

A. The higher one advances in management, the more critical listening ability and skill become. The most common problems in business arise when management doesn't listen to something that their workers are trying to tell them.

In a recent study of the abilities managers considered to be most critical for their managerial success, they rated listening as the No. 1, most important competency to be developed. But, again, as most managers have not been taught how to listen well, they don't necessarily perform well.

Like others, managers often don't hear the messages of others—they're busy, preoccupied, distracted, etc.; or they misunderstand others—due to their expectations, preconceived notions, experiences, special perspectives, etc.; or they misevaluate or fail to respond to the messages of others.

Of course, these listening problems are not limited to managers, but they are of special concern to managers, due to the nature of the management task.

Most important, thousands of managers are recognizing this critical need and are working at improving their listening skills.

Q. How can people tell whether they need to improve their listening?

A. It's not hard to show that individuals don't listen well, but we have to deal initially with an attitude of skepticism. Often a person will say: "Yes, I know a lot of people who need this kind of enhancement, but not me."

Prior to testing, we ask people to rate themselves as a listener, using a scale of 0 to 100. Most individuals give themselves a rating at the outset of about 55. None say they're superior, but neither do any say they're poor. They're all clustered in the average area. We then ask whether they think a rating of 55 out of 100 is good enough, and most answer, "Of course not."

We also challenge people to listen to short-duration messages as intently as possible. At the end of these messages, we ask questions to determine to what extent they were able to make proper judgments and respond.

These exercises prove very quickly that the typical person is not as good a listener as first thought.

The process is like exercising muscles. If we haven't been trained to listen productively or effectively, we cannot turn on our listening any

Secrets of Being a Better Listener

Interview with Lyman K. Steil, an Authority on Communication

People spend far more time listening than in reading, writing or talking. Yet few know how to really hear what's being said and evaluate the message. An expert tells how to sharpen listening skills.

Q. Dr. Steil, are people who are poor listeners a costly thing for business—and for the public in general?

A. Yes. With more than 100 million workers in this country, a simple $10 mistake by each of them, as a result of poor listening, would add up to a cost of a billion dollars. And most people make numerous listening mistakes every week.

Because of listening mistakes, letters have to be retyped, appointments rescheduled, shipments re-routed. Productivity is affected and suffer.

at some of today's break- n labor-management rela- often you'll hear workers Man- agement isn't listening to fix them. We'll go on

I'm convinced that a great many of the 3 million or more divorces in this country each year are related to the inability or the unwillingness of one or both partners to listen.

At its worst, bad listening can result in people being injured or killed. The sinking of the Titanic, Pearl Harbor, the Jonestown, Guyana incident and some recent airplane disasters are classic examples of a breakdown in communication and in judgment. A message was sent, and listening broke down.

On an airplane recently, I talked with the president of a small company. I asked whether his firm had experienced any problems because of his employees' inability or failure to listen.

The man's eyebrows went up, and he told how the company had recently lost a million-dollar sale. "Two of my employees were involved," he said. "One didn't hear the important message at all, and the other one misinterpreted it. The upshot was that we lost out on a bid that we should have won hands down."

Q. What do you mean when you talk about "good" or "poor" listening?

A. It's more than merely *hearing* what someone else is saying. There are three other important components: *Interpretation* of what's said, which leads to understanding or misunderstanding; *evaluation*, which involves weighing the information and deciding how to use it, and, finally, *responding*, based on what was heard, understood and evaluated.

When all four stages are taken together, our research indicates, people on average listen at an effective rate of only about 25 percent.

Q. Is the ability to listen a trait that people are born with?

A. No. It's not inherent. It's learned behavior. It has to be taught. When we come into this world, we don't have built-in knowledge of how to listen well. That must be developed. And, unfortunately, it is not systematically developed well in our school systems. We teach reading, writing, speaking and numerous other abilities, but not listening.

Q. Is that why you consider most people poor listeners?

A. Yes. They simply haven't been taught to listen well. Individuals spend 80 percent of their waking hours communicating in one way or another. Of that time, about 45 percent is spent listening. But the focus in our educational programs is upside down. We spend the greatest amount of time teaching people to do what they spend the least time doing—writing. And we spend the least amount of time teaching them what they do most in life—listening.

It's lamentable because listening is much more complex than reading. What we read is locked on the printed page. If people are distracted, they can put aside their reading and return to it later. If they don't understand the message right off, they have the means to repeat it. But in listening, the

8 Tips for Better Listening

1. Resist distractions. Concentrate on what is being said.

2. Be an opportunist. Find areas of interest between you and the speaker. Ask yourself: "What's in this for me?"

3. Stay alert. Don't daydream if a speaker's delivery is slow. If your thoughts run ahead of his words, use the time to evaluate, anticipate, review.

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5. Listen for central themes rather than for isolated facts.

6. Plan to report the content of a message to someone within 8 hours.

7. Develop notetaking skills.

8. As a listener, take primary responsibility for the success of two-way communication. Don't just depend upon the other person.

more than we can say: "I'm going to run 10 miles today even though I've never exercised a muscle."

Q. Do people show improvement after completing a course in listening?

A. Yes. With the proper training, listening is improved. More than 85 percent of participants in professionally developed programs show significant measured improvement through training.

With extended, focused training, some partieipants more than double the listening efficiency and effectiveness. Listening can be improved with foeused training and exercise.

Q. How do you teach people to listen better?

A. It's done specifically and directly—the same way math, [illegible] or physical education is [illegible]he most effective pro- [illegible]roups of people led [illegible], using tests [illegible].

A common approach to our courses ineludes: No. 1, developing the nature, role, importance, problems and costs of listening; No. 2, aiding each participant in analyzing his or her strengths and limitations in listening; No. 3, teaching, through praetiee, each individual how to develop specific skills and behaviors related to good listening, and eliminate behaviors related to poor listening.

The development and elimination of these behaviors are complex and require focused direction, effort and practice. But they can be accomplished and are certainly worth the effort.

Q. Are companies increasingly giving listening courses to people at the management level?

A. Yes. The primary example is Sperry Corporation's revolutionary effort in developing the listening skills of their entire corporate body.

Hundreds of other companies, large to small, are focusing to some degree on developing this important skill. Some do it as part of a sales-training program, others as a separate group project. But it's still hard to convince many executives that they can see the results of a listening course on the bottom line of the profit-and-loss statement.

Let's go back to that company whose president I met on the plane. I asked him: "Knowing that you lost a million-dollar order as a result of poor listening, would you be willing to spend, say, $100,000 over a period of time to develop your employees' listening ability?" His response was typical: "I'm not sure."

So although there has been much gain in developing listening skills since Dr. Ralph G. Nichols's pioneering work at the University of Minnesota more than three decades ago, listening development is still a relatively new phenomenon. But it's something that I'm convinced is going to grow and spread as people realize its importance.

We can improve our listening, and the benefits far outweigh the cost.

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Cutting Injury Compensation Costs

By Raleigh Neville

Last year, Federal agencies paid out approximately $700 million in compensation payments to injured workers. At the present rate of over 30,000 new claims each year, compensation payments could very soon top $1 billion annually.

Often, when an injured employee is receiving compensation, the agency may tend to forget about him—particularly if the employee has been separated. One of the most effective ways an agency can control escalating compensation costs is to develop strong programs to keep track of its injured workers—particularly those who have not yet completely recovered, but are nevertheless able to work in some capacity—and restore them to duty. A comprehensive program that involves the Personnel Division and the agency's and Department of Labor's medical and rehabilitation staffs can monitor the employee's medical progress, arrange to have an examination if necessary, identify jobs the employee can perform, and develop a procedure for returning him to work.

The Injury Compensation Law and the Office of Personnel Management's implementing regulations provide restoration and appeal rights to injured employees as follows:

- *An agency must restore an injured employee who recovers within 1 year; it has no option.*
- *If recovery takes longer than 1 year, the agency must give the employee priority consideration for the job he left or for an equivalent position. This is accomplished by entering the employee on the agency's reemployment priority list.*
- *If the employee partially recovers, the agency must "make every effort" to restore him. To assist agency efforts in this area and achieve the greatest benefit, OPM changed its restoration-to-duty regulations last year to require agencies to consider partially recovered employees without regard to how long they had been injured, or even whether they were still on the agency's rolls. Since the methods used to carry out this requirement were left to the agency, there is considerable latitude for an agency to develop its own program to restore injured workers.*

In all cases, qualified employees who are refused reemployment can appeal to the Merit Systems Protection Board.

Some agencies have already developed innovative programs. The U.S. Postal Service, for example, has implemented a promising nationwide plan to identify employees and former employees on its compensation rolls and match them with suitable vacancies. Because the Postal Service accounts for over 40 percent of the government's compensation costs, the savings are expected to be significant.

The Tennessee Valley Authority has also developed a comprehensive model for a handicapped affirmative action program under the Rehabilitation Act, which integrates top management, the personnel office, supervisors, medical facilities, rehabilitation training staffs, and the Department of Labor in a combined effort to place injured workers and those eligible for disability retirement.

Other agencies are also achieving notable results. One installation, Tinker Air Force Base in Oklahoma City, has developed a step by step approach to placing its injured workers, which last year saved approximately $175,000 in compensation costs. The Base hopes to do even better this year.

It is important to note that the disabled employee does not have to be placed in the position or even the occupation that he or she left. Agencies are specifically encouraged to find jobs that are within the individual's capabilities and limitations, even if they happen to be at a lower grade level. If a suitable position pays less than the employee was formerly making, the Department of Labor's Office of Workers Compensation Programs will usually make up the difference.

To illustrate how this can work: Tinker Air Force Base found that jet engine mechanics or sheetmetal workers who sustain a hearing loss due to the high noise levels in these activities can be successfully reemployed in a variety of clerical jobs or other positions that do not expose the workers to this particular occupational hazard. In the Postal Service, mail carriers who sustain back injuries and can no longer carry heavy mail sacks can be reemployed as mail sorters in a post office. Where necessary, cross training is often available. Agencies that would like more information on the specifics of these programs may contact:

Richard Bauer
Program Manager
Injury Compensation Program
475 L'Enfant Plaza West, S.W.
U.S. Postal Service
Washington, D.C. 20260

Ruth Austin
Civilian Personnel Office
Hqs. 2854th Air Base Group
Tinker Air Force Base
3000 S. Douglas Boulevard
Oklahoma City, OK. 73145

Edward F. Hilton, Jr.
Coordinator
Selective Placement
Tennessee Valley Authority
Knoxville, Tennessee 37902

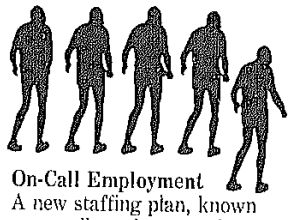
Raleigh Neville is a personnel management specialist in The Office of Policy Analysis and Development, Staffing Services, OPM.

Short Takes

OPM Rules on "Adverse Affect"

Agency personnel actions which are not based on conduct adversely affecting on-the-job performance have been banned as discriminatory in a recent OPM policy directive.

The directive is designed to protect the constitutional rights and privacy of both government employees and candidates for government jobs. It will have a special impact on homosexuals and unmarried persons living together, since it forbids agencies to inquire into an employee's non-job-related habits or to deny an individual employment or promotion on non-job-related religious, sexual, or social grounds. Agencies must nevertheless count volunteer work performed for religious, civic, welfare, and service organizations as part of an applicant's experience.



On-Call Employment

A new staffing plan, known as on-call employment, has been established for use in Federal agencies.

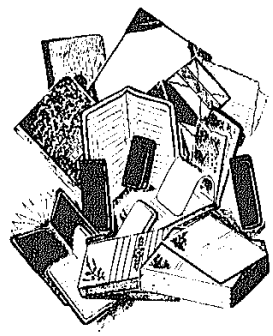
The plan allows agencies to establish pools of permanent employees who can be called up at short notice to supplement the regular work force. On-call employees are hired under career-conditional appointments and guaranteed a minimum of six months' work per year. Special flexibilities permit them to be placed in non-pay status or recalled to duty as needed. They receive full fringe benefits and are eligible for non-competitive conversion to full-time employment as such positions open up.

On-call employment is designed to help agencies handle irregular fluctuations in workload while eliminating excessive agency reliance on the use of overtime, detailing, or reductions-in-force. The plan has been successfully tested in the Departments of Defense and Commerce, which hired over 2,000 on-call employees for a variety of white and blue collar jobs. For further information, contact the Office of Policy Analysis and Development, Staffing Services, OPM, Washington, D.C. 20415 (202-632-6817).

Paper Pandemonium

Did you know that:

- the cost of preparing an average business letter is $5.59 (or $4.19 using dictation equipment)?
- an estimated one-third of the records maintained by an average business could be chucked and never missed?
- paper-saving recommendations of the Commission on Federal Paperwork saved the government $3.5 billion in a single year?



More Vets Hired

Fiscal year 1979 saw a 22 percent jump in veterans readjustment appointments (VRA's) over the previous year, with 15,785 Vietnam era veterans joining the Federal payroll.

The VRA authority allows agencies to hire disadvantaged Vietnam era veterans noncompetitively and convert them to career appointments after two years of satisfactory employment and training. Since the program's beginning in 1970, 136,000 veterans have entered the Federal workforce under VRA hiring procedures.

The Rising Cost of Benefits

The cost to management of employee benefits is rising faster than wages, according to the Bureau of Labor Statistics. This means that computations based solely on wage and salary increases could underestimate increases in total compensation costs by more than 1.5 percentage points annually.

The Bureau's finding lends support to proponents of Federal pay comparability reform, who believe that employee benefits, as well as wages, should be considered in adjusting Federal pay to pay in the private sector.

Crediting Clerical Experience

Federal policy has long held that government managers and personnel specialists should look beyond job titles and standardized job descriptions when assessing candidates for civil service positions. According to FPM Bulletin 338-14, this policy applies to candidates with clerical as well as professional backgrounds. When clerical workers compete for administrative, managerial, or specialist positions, they must be credited for non-clerical skills demonstrated on the job—even in cases where routine clerical skills, such as typing or filing, do not constitute acceptable qualifying experience. Among the non-clerical skills which a clerical worker might develop are sound judgement in solving prob-

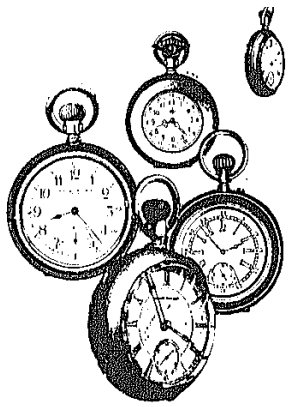
ms, experience in oral and ritten communication, budet and finance management, cheduling, information athering, contact with the ublic, coordination of admintrative and clerical services, tc.

Credit where credit is due the key to upward mobility r deserving clerical employes. Full guidelines for valuating clerical experience ill appear in future revisions f the Handbook X-118.

urveys Compared

omparisons between the 960 Brookings Survey of the nage of the Federal Service nd the 1979 Federal Employee Attitude Survey 'EAS)have been explored. lthough the two reports acually investigated different eas, making extensive comarisons rather difficult, me points of interest were oted. As described 20 years go, the Brookings study arched for workers' mployment values and goals ithin both the public and ivate spheres. While 41% Federal workers in 1960 ere satisfied with their jobs d 16% acknowledged "job eaningfulness," a remarkle jump to 76% and 81% spectively was observed in 979.

With regard to satisfaction ith pay, the Brookings reort showed that those earng higher salaries were less tisfied with their pay than ose receiving lower salaes: 26% of employees in ades GS 2 to 4 were satisd, compared to 11% in ades GS 12 and above.



Super Flex

Crompton, a New York-based manufacturer of corduroy and velveteen, has come up with probably the most flexible version of flexitime so far. Employees in the Leesburg, Alabama mill work 3 days a week, 12 hours a day and get a week off every eight weeks. Workers who complete the required 36 hours are paid for 40.

Although the schedule sounds gruelling, the employees, many of whom have small farms to tend, seem to like it. The plant boasts a labor turnover rate of only 9 percent annually, as opposed to 50 percent industry-wide, and a backlog of job applicants. Plant productivity is up, and studies show that the last few hours of the 3 day week are actually the most productive.

This version of flexitime obviously isn't for everybody, but it does show what can be accomplished by thinking creatively about specific management problems.

New Organization for Senior Federal Managers

Washington, D.C.—An independent professional organization of active and retired Federal government senior executives and supergrades has been formed by a group of Internal Revenue Service senior executives.

Ted R. Kern, interim Chairman of the new organization, said the initial objective of the Senior Executives' Association (SEA) will be to "serve as an active advocate in presenting the concerns of its members to Congress, the public, and the political leaders of the Executive Branch. We will work to improve pay and benefits, including moving expenses, life insurance and per diem; and provide executive educational opportunities. The organization will assume a leadership role in promoting professional development and standing of senior Federal managers, and in emphasizing the accomplishments of senior executives in improving productivity and government operations."

The Association will establish a full-time professional staff in Washington, D.C., supported by dues paid by members of the non-profit organization. Dues are expected to be $4 per pay period with a $25 initiation fee. An interim Chairman and Board of Directors has been appointed by the incorporators to serve the Association until the election of a permanent Board can be held.

The Association's interim officers have met with OPM Director Alan K. Campbell, who commented: "I am extremely pleased with the formation of the Senior Executives' Association. I attach particular importance to the contribution this organization can make towards improving the professionalism of public management. And, senior executives need an organization like this to voice their concerns and advance their viewpoint. I recognize that such an organization may take positions contrary to OPM's on occasion. However, there are many areas where mutual efforts toward common goals will be beneficial to both the Association and OPM. I predict this will be a very important organization and I look forward to working with SEA."

For more information, contact:

Senior Executives' Association, Inc.
P.O. Box 7610
Ben Franklin Station
Washington, D.C. 20224

Legislation

SES Bonuses Saved

The credibility and continued success of the Civil Service Reform Act were given a boost recently when Congress voted not to restrict the amount of bonuses payable to individual Senior Executive Service members. Bonus payments were limited to 25% of SES members, however, rather than the 50% authorized by CSRA. The provision as adopted is a substantial improvement over an earlier proposal being considered which would have limited the aggregate pay of SES members to $52,750 per year.

The possibility of such limitations arose during consideration of FY '80 and FY '81 Appropriations bills.

The earlier proposals to limit performance awards for SES members would have nullified the incentive for greater excellence from Federal managers which the Congress sought to achieve through the Reform Act's pay-for-performance provision. Equally important, a major limitation on SES compensation could have been interpreted as a breach of faith by the Congress in keeping its reform promises.

Following the Congressional action, the Office of Personnel Management issued guidance to agencies with respect to awarding SES bonuses. OPM directed that agencies should "generally limit bonuses to 20% of the eligible career employees," citing "strong Congressional concern that the 25% figure is to be a limit, not the norm."

Additional major provisions of the guidance dealt with the distribution of bonuses, the suggested use of outside review panels, and a requirement that an agency's schedule for awarding bonuses be published in the Federal Register.

Quadrennial Commission on Salaries

The Commission on Executive, Legislative, and Judicial Salaries for FY 1981—better known as the "quadrennial commission"—has begun its work. It will review the salary rates for top officials in the executive, legislative, and judicial branches of the government, and recommend appropriate changes in these salary rates to the President. In January, after reviewing the Commission's recommendations, the President is expected to send his own recommendations on new salary rates to Congress with his budget message. The rates recommended by the President will become effective if they are approved by both the Senate and the House.

When the quadrennial commission makes its review of the government's executive pay situation, it may find that repeated limitations on executive pay adjustments have had a serious effect on the recruitment and retention of talented people to manage the government's programs. The Government Accounting Office has been looking at this issue and has found that agencies are having great difficulties in attracting well-qualified people from outside the government while at the same time they are seeing many of their best executives retire or leave for higher-paying jobs in the private sector. In a period of high inflation, the combination of frozen pay and cost-of-living adjustments in annuities makes retirement very attractive.

Since early 1969, Executive Schedule salaries have increased by an average of only 35%, while the Consumer Price Index has gone up 125%, General Schedule salaries have gone up more than 100%, and private sector executive salaries have gone up nearly 140%. The purchasing power of executive level I salaries has dropped nearly 50% since 1969, and for salaries at the level V ceiling, there has been a drop of nearly 40% in real income. There has been only one executive pay increase since early 1977, an increase last fall of 5.5% for executives while other employees got 7%.

These considerations may lead the quadrennial commission to recommend substantial executive pay increases. However, the Administration and the Congress are committed to a policy of fiscal restraint, and these concerns led the President to recommend that an executive pay increase schedule for October 1980 not be granted. In reviewing the recommendations of the commission, the President will have to consider a host of economic issues and balance them against the continuing need to attract and retain the best people available to serve in the government.

Beyond the basic issue of new salary rates, the quadrennial commission may also look at some of the major issues that underlie any long-range solution to the executive pay problem, such as an examination of the procedures for setting and adjusting pay for top government officials and the very difficult issue of the linkage between Congressional and executive pay.

Pending Legislation

Two bills of particular interest to Federal employees are awaiting action by the Congress.

H.R. 7072 would increase the per diem and mileage reimbursement to government employees while traveling on official business. Per diem expense reimbursement would increase from $35 per day to $50 and the "actual expense reimbursement" for travel to certain designated high cost areas would increase from $50 to $75 per day. Mileage reimbursement for use of private vehicles for government business would increase from .20 to .33 per mile. As we go to press, the House has already passed this measure and the Senate Governmental Affairs Committee has "marked up" the bill.

H.R. 3448 to modify the Federal Employees Group Life Insurance program may receive favorable consideration before the 96th Congress ends. A provision of this bill would liberalize government employees' life insurance benefits by allowing additional elective coverage at no cost to the Federal government.

Information on legislation of interest to managers and supervisors is prepared by the Office of Congressional Relations, OPM.

Federal Managers Can Be Personally Sued for Constitutional Rights Violation

The United States Supreme Court recently issued a decision concerning personal damage actions against Federal officials. In *Carlson* v. *Green,* the Court held that a Federal official may be personally sued for an alleged violation of an individual's constitutional rights, even though an alternative administrative remedy exists to redress the injury suffered by the individual.

In *Carlson,* the mother of an inmate who had died while in prison brought an individual damage action against Federal prison officials claiming that they had provided grossly inadequate medical care for her son. This claim could have been brought against the United States under the Federal Tort Claims Act (FTCA). However, the Court held that the existence of an alternative administrative remedy did not preclude a personal liability action because: (1) a personal damage lawsuit affords greater relief than that afforded under the FTCA; (2) the threat of personal liability would discourage Federal officials from engaging in unconstitutional conduct; and (3) Congress never indicated that it intended the FTCA to be an exclusive remedy.

The Court's decision is important for Federal managers, particularly in light of the increased number of personal damage actions which are being brought against supervisors and managers. Before the *Carlson* decision, the Court had intimated that the existence of an *adequate* administrative remedy was sufficient to preclude individual liability lawsuits against Federal officials (*Davis* v. *Passman,* 1979). Therefore, because employees could appeal actions under the Civil Service Reform Act (CSRA), it appeared that they would be unable to bring personal damage actions against their supervisors. However, the *Carlson* decision indicates that the available administrative process must be the *exclusive* remedy. Thus, it is far from clear whether the appeals procedure provided by the CSRA will protect managers from potential personal liability.

"It is far from clear whether the appeals procedure provided by the CSRA will protect managers from potential personal liability."

Indeed, shortly after its decision, the Court applied *Carlson* to a personnel case involving a personal liability claim. In *Bush* v. *Lucas,* a NASA employee alleged that he was demoted in retaliation for public statements he had made impugning the efficiency of the Marshall Space Flight Center. He attempted to bring a personal damage action against the Director of the Center. The Court of Appeals, citing Supreme Court decisions issued prior to *Carlson,* particularly *Davis* v. *Passman,* held that Bush had an adequate remedy against the United States under civil service appeal statutes. Therefore, the Court dismissed the individual claim against the Director. Bush appealed to the Supreme Court and, on April 29,1980, it vacated the Court of Appeals decision and remanded the matter to the lower court for "further consideration in light of *Carlson* v. *Green.*"

The major issue to be resolved is whether the CSRA itself provides the exclusive remedy for employees who claim that they have been disciplined in violation of their constitutional rights. It may be argued that, with the creation of the Special Counsel, an individual lawsuit is not necessary to satisfy the policy considerations outlined by the Court in *Carlson.* The Special Counsel has the authority to investigate allegations of constitutional violations and to recommend corrective action. If the agency does not adopt the corrective action, the Special Counsel may bring the matter before the Merit Systems Protection Board. The Board may order the agency to take corrective action, including reinstatement, back pay, and any other relief necessary to remedy the injury suffered by the employee. Thus, an employee who claims to have been disciplined in violation of his or her constitutional rights can obtain meaningful "make-whole" relief without resort to a personal damage action.

The Special Counsel also has the authority to institute disciplinary actions and levy fines against managers who are responsible for improper actions. Therefore, the CSRA should also deter supervisors and managers from taking unconstitutional actions.

Although the Reform Act affords meaningful relief to injured employees and, at the same time, deters managers from taking improper actions, nothing in the Act indicates that Congress intended it to be the exclusive remedy. Indeed, the Special Counsel's authority to investigate employee complaints is discretionary and therefore it is unlikely to be held the exclusive avenue of relief. *Carlson* v. *Green,* No. 78-1261 (April 22, 1980).

In Brief, a regular summary of news on legal matters of interest to government managers, is prepared by Margery Waxman, General Counsel, OPM.

State & Local Notes

This article is part of a continuing series on State and local government personnel management reform. Many of the personnel improvement efforts include provisions similar to the Federal Civil Service Reform Act of 1978.

State Update

Arizona: (1) The State, under an IPA grant, started a pilot computerized personnel records system. (2) The Governor's Merit System Review Commission recommended establishing a State career executive service.

Arkansas: The Cabinet-level subcommittee on Pay Administration made eleven recommendations including remedying pay compression, allowing for a performance based pay administration, establishing pay comparability, and allowing flexibility in setting hiring level pay.

California: State government officials, legislative staff and local government officials will be trained to assess the administrative and financial impact on local governments of Federal and State mandated programs. This project, partially funded by an IPA grant, will produce a training handbook to promote transferability.

Colorado: The State Auditor will begin audits of the Department of Personnel, covering the effects of regulation operating in the public interest, economy and efficiency of operation, effectiveness of incentive systems, selection procedures, and staffing levels change as a result of decentralization.

Florida: The State Legislature authorized $238,000 for a State Government Senior Management Group.

Georgia: (1) The State requested OPM assistance to develop a career executive service. (2) The Certified Public Managers Society and the Training and Staff Development Division recommended that the previously tested performance evaluation system be used in some State agencies.

Kansas: The State Department of Administration will begin a planned assistance program to identify and solve problems with personnel management reform legislation.

Maryland: The State is conducting a three-year demonstration project to test the feasibility and productivity of hiring persons over 70 years old.

Massachusetts: Pending legislation would—(1) reorganize the personnel management structure, (2) allow for delegation of personnel functions to municipal governments, (3) create a career executive service, and (4) eliminate absolute veterans' preference in favor of point allowance on exams.

New Mexico: A pilot incentive pay system has been evaluated. Under this program, 25% of the increased productivity or efficiency savings are returned to the employees. The net savings were $44,521 in one unit and $87,966 in the other. The program will continue with some modifications, expanding from two units to ten units.

Utah: The State, working training with the University of Utah, will certify State government managers in employee motivation, performance appraisal, personnel regulations, communications, budget operations, ethics, and information systems management. Courses will be developed for both mid-level and executive managers.

Local Update

California League of Cities: The League brought 18 organizations together to develop a system to identify duplicating areas, share information, and coordinate future efforts.

California (Long Beach, Manhattan Beach, and San Diego): The three cities have prepared a report designed to cut costs and increase efficiency. San Diego reported a documented savings of $189,075 as a result of improved work methods.

California (local government): The University of California (Irvine), under an IPA grant, will conduct seminars on improving measurement of government services and develop a directory of public service measurement techniques.

Pima County, Arizona: The County will expand the scope of the labor-management committee to include employee motivation and productivity, union-management relations, and expanded use of career ladders to filling vacancies by promoting County employees.

Prince George's County, Maryland: The County has installed a classification and personnel management system. The County is providing data necessary for selection, job and performance evaluation, and staff utilization planning.

Santa Ana, California: The city will train two units of city government to analyze work processes and to develop work measurement standards and performance indicators.

Tulsa, Oklahoma: A merit pay system is in use for managerial and professional employees. Pay increases for longevity, but not cost-of-living adjustments, have been eliminated for these employees. Merit pay increases are tied to organizational and individual performance.

Washington, D.C.: The District is developing an automated system to determine the existence of adverse impact in selection procedures. Using optical test scanners tied to a computerized applicant EEO data file, the system can determine adverse impact for any particular exam or exam subpart.

State and Local Notes are written by William A. Chadwick, Office of Intergovernmental Personnel Programs, OPM.

After/Words

THE NO NEWS DEPARTMENT

Note: Good news is no news. The day-to-day accomplishments of government simply going about its business of serving the people are rarely heard: scandals, mismanagement and bungling make much more interesting copy. The No News Department will report the unexceptional good news of achievement in government. We invite your contributions.

Thirteen Federal employees whose efforts contributed more than $27 million in measurable benefits to taxpayers were honored at the 1979 Presidential Management Improvement Awards ceremony. In addition to tangible benefits, their achievements produced intangible benefits, such as strengthening national defense, improving communications and operations, and increasing services to students and veterans.

Award winner Nicholas Bournias, an auditor with the Office of the Inspector General, Department of Health and Human Services, developed an auditing program for Medicaid which reduced fraud, abuse and errors. Annual benefits to the government of more than $6 million are expected.

Another HHS employee, contract specialist Jackie Muscar, Jr., conducted a recompetition for the guaranteed student loan program's data processing contract. The contract Muscar negotiated will result in benefits to the government of $15 million over the next five years.

Charlotte N. Anderson, a plastics worker at Tinker Air Force Base, Oklahoma, brought savings of more than $1 million to the government by developing new procedures for repairing metal braces on TF30 aircraft engine fiberglass duct fairings.

Gayton Silvestro of the U.S. Army Material Development and Readiness Command in New Jersey improved the technology of propellant usage that has potential application to all artillery and tankfired munitions programs. This procedure will save the government more than $2.3 million by rendering usable 1.8 million pounds of stockpiled propellants.

Also from the Department of the Army, Staff Sergeant Danny A. Wright, a Pershing Missile repairman, designed a special tool to be used during a critical alignment phase of missile jet vane assemblies. The tool reduces damage and time spent in maintaining missile systems throughout the world.

One individual and one group from the Department of Navy were honored. Clayton L. Boyle, a communications management specialist from Honolulu, Hawaii, devised less expensive means of handling intercontinental telephone calls. The change made it possible to close a switchboard facility resulting in first year benefits to the government of over $1 million.

The group award went to Robert S. Flum, Sr., Lionel L. Woolston, Ronald G. Daudelin and Bob Norris, supervisory engineers working on the Anti-Submarine Warfare Systems Project in Washington, D.C. They were recognized for pioneering efforts in developing the basic concept for the submarine rocket.

Two Veterans Administration employees, Yeongchi Wu, a physician, and Harold J. Krick, a corrective therapist, of the Department of Medicine and Surgery in Chicago, Illinois, received a joint award. Their new method for treating below-the-knee amputations greatly improved treatment and recovery from amputations, and substantially benefited the government.

Thomas Creswell, Director of the Aeronautic Center in Oklahoma City, Oklahoma, was honored for improvements that have produced first-year savings of more than $250,000. His efforts resulted in staff reductions, with no loss in production, cost savings and increased energy conservation through the controlled use of government vehicles; and reduced printing, reproduction, and telephone costs.

Presidential Management Improvement Awards were established in 1970 and expanded in 1977 to recognize Federal employees whose suggestions, inventions or special achievements beyond job requirements resulted in tangible benefits to the government of $5,000 or more. To date, approximately 6,000 civilian and military personnel have been recognized for contributions exceeding $697 million.

Rachel Gelin

LETTERS

(Management) is attractive, **useful**, easily read and well worth the time and money required for a first-class publication... We would like to use the Motivators tabulation for our employee publication. It is a fine thought-starter.

Cody Pfanstiehl,
Director of Public Affairs,
Washington Metropolitan Area Transit Authority

(Management's) approach has proved the management adage that while you must present substance, that substance will not be recognized if not presented with style. The magazine has been truly valuable as we implement sensitive and complex areas of the Reform Act such as Merit Pay.

Carl H. Norton,
Assistant Director for Resources and Systems,
Defense Intelligence Agency

With so many different publications around, I thought this was just another "also ran." However, as I started glancing through it I found each article...had meaningful information that I can do something with.

Charles McCausland,
Brigadier General, USAF,
Los Angeles, CA

Ira Penn now joins the ranks of the very few management authors . . . who debunk the myth of management complexity. Effective management **is** little more than common sense, and management education should focus on helping us to use our common sense effectively rather than creating fiefdoms where only management experts (presumably professors of management education) can function.

Tim Raines,
Department of Housing and Urban Development,
Atlanta, GA

I especially enjoyed your recent article by Mr. Ira Penn. It is quite thought-provoking and totally heretical. Let us not forget what happened to Mr. Copernicus....Please pass my compliments on to him.

Robert Stock,
Associate Director, Executive Seminar Center,
Berkeley, CA